



FACTSHEET: FINANCIAL WELLBEING

WHAT IS FINANCIAL WELLBEING?

Every day we make choices with our money that supports how we live our lives. Financial wellbeing is a state of being where a person can meet current and ongoing financial obligations, feel secure in their financial future, and is able to make choices that allow them to live life to the fullest.

There is no specific financial amount that someone must have in their bank account to be considered financially well. Instead, the definition of financial wellbeing is closely tied to a person's own sense of financial stress and financial confidence.

There are some things that affect our finances that we can't control, like rising cost of living or unexpected expenses. But there are some things we can control. Looking after your financial wellbeing is about making the best of the things you can control, and putting yourself in a position to best handle the things you can't.

WHY IS EMPLOYEE FINANCIAL WELLBEING IMPORTANT TO EMPLOYERS?

There is increasing body of evidence showing a correlation between financial wellbeing, mental health, and overall physical health and wellbeing. From an employer's perspective, taking your employee's Financial Wellbeing seriously brings the following benefits:

- 1. Improved productivity:** Employees who are facing financial stress may struggle to focus on their work and be easily distracted, leading to reduced productivity. By offering resources and support to help employees manage their finances, employers can help reduce stress and increase productivity.
- 2. Reduced sick leave:** Financial stress can lead to physical and mental health problems, which can increase the incidence of taking sick leave. By supporting employees' financial wellbeing, other wellbeing concerns are reduced.
- 3. Lowered stress rates:** Life has enough stressors. Assist employees by giving them tools to strengthen their financial health. It will help them feel in control – and less stressed – which means better productivity and health.
- 4. Enhanced employer brand:** Companies that prioritise the financial wellbeing of their employees are likely to be seen as more attractive to potential hires. This can help the company attract and retain top talent.
- 5. Increased job satisfaction:** Employees who feel supported by the employers in managing their finances are likely to feel more satisfied in their jobs. This can lead to reduced turnover rates and increased retention.

WHAT CAN YOU DO TO IMPROVE YOUR FINANCIAL WELLBEING?

- **Self-reflect and explore** the role your culture, education and role models may have had in shaping your financial behaviours. Identify opportunities to improve your financial literacy, you can take control of your financial future.
- **Get in control of your finances** by setting time aside for money matters - try and get into the habit of doing this regularly.
- **Create a budget or spending plan** for your money - understand where your money is going and identify opportunities to reduce wastage.

- **Set financial goals** - both short, medium and long term, and make sure you are paying attention to all of them. Your financial goals will change depending on your life stage, income, goals or situation, so reviewing them every year is a great idea.
- **Shop around for better deals** and compare prices to ensure you are getting value for money.
- **Live within your means** - avoid overspending and stick to a lifestyle you can afford. Avoid debt where you can.
- **Save for emergencies** - building an emergency fund can provide a safety net in case of unexpected expenses or loss of income. This is the foundation of having financial resilience, and provides improved confidence in handling unexpected emergencies and reduced periods of financial stress overall.
- **Have a debt reduction plan** so you minimise interest payments on high interest debt like credit cards, personal loans and Buy Now Pay Later products.
- **Explore insurances** for things that you can't afford to replace.
- **Check your credit score** and if not in great shape, find out how you can improve it.
- **Don't ignore or delay** - the earlier you get on track with your finances the better off you'll be in the long run.
- **Save for retirement** - depending on your age and other financial priorities, assess whether adding voluntary contributions to your Superannuation (perhaps through Salary Sacrifice) might be worth considering. Make sure you have your nominated beneficiary listed on your policy.
- **Seek professional advice** - consider working with a financial advisor or money coach who can help you create a personalised plan to improve your financial wellbeing.
- **Get a will.**

WHAT ARE THE SIGNS OF POOR FINANCIAL WELLBEING?

- **Living paycheck to paycheck** - where only basic expenses are covered and you're not adding to your savings or emergency fund.
- **Not having an emergency fund** - meaning you are not prepared for unexpected expenses.
- **Spending more than you earn/ not living within your means** - if you repeatedly do this, it can lead to debt and financial insecurity.
- **Struggling to make minimum repayments** on your debts, and not having a plan for how you are going to pay them off.
- **Regularly late payments** - if you regularly miss bill payments, it can damage your credit score and result in late payment fees and penalties.
- **Denial** - ignoring emails from banks or not reading bills.
- **Constantly worrying about money** - if you are anxious or stressed about money, it can be a sign that your situation is not healthy.
- **No retirement savings/ investing beyond the minimum Employer Super Guarantee** - this will likely not be enough to sustain you in retirement at your current standard of living.
- **Prolonging unhelpful behaviours** like overspending.
- **Withholding information from others**, including our closest family and friends, and health professionals.

WHAT
FINANCIAL
WELLBEING
SUPPORT IS
AVAILABLE?

- [Moneysmart.gov.au](https://www.money-smart.gov.au)
- [National Debt Helpline](#) - is a not-for-profit service that can help you with debt. Access free, confidential financial counselling directly from their website or chat to a financial counsellor.
- [Way Forward](#) is a not-for-profit organisation to assist with long-term financial difficulty and managing debts. If you have debts across multiple organisations and your circumstances are unlikely to change for some time, call Way Forward on 1300 045 502.
- [Financial Counselling Australia](#)
- Your Employee Assistance Program (EAP) Provider typically provides access to financial counsellors
- Your Bank may have Financial wellbeing support / hardship support available



Corporate Mental Health Alliance AUSTRALIA

The Corporate Mental Health Alliance (CMHAA) is a group of Australian businesses dedicated to providing mentally healthy workplaces for their people.

CONTACT

For more information, please email: info@cmhaa.org.au

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