

HEALTH WEALTH CAREER

# MERCER WEBCAST FINANCIAL SECURITY

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# FINANCIAL SECURITY: MERCER SURVEY ON HOW INDIVIDUALS ARE COPING

GLOBAL



7,000 Global participants +  
600 c-suite business leaders

UK



Over 1,000 UK participants



Business  
leaders

Consumers



# ARE THEY COPING?



**60%** ARE STRESSED BY THEIR FINANCIAL SITUATION

**18%** ARE VERY OR EXTREMELY STRESSED



ONLY **32%** FEEL FINANCIALLY SECURE



**35%** SAY THEIR HEALTH CAUSES THEM STRESS REGARDING FINANCIAL SECURITY

**65%** EXPECT TO CONTINUE WORKING AFTER RETIREMENT OR NOT RETIRE AT ALL

# WHAT ARE THE CAUSES OF STRESS?

## EXTERNAL



**36 %**  
General  
economic conditions



## PERSONAL



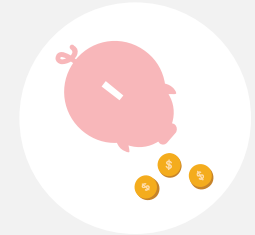
**11 %**

Not understanding  
financial matters



**22 %**

Personal debt



**35 %**

Not saving enough  
for retirement  
(40% for females)

# ECONOMIC ENVIRONMENT

SALARY GROWTH  
2%PA SINCE 2008<sup>1</sup>

REAL WAGES BELOW  
2008 LEVEL<sup>2</sup>



A DECADE OF  
LOW SALARY  
GROWTH



'SANDWICH  
GENERATION'  
AGEING PARENTS &  
YOUNG-ADULT  
CHILDREN  
AT HOME



£44,000  
AVERAGE NEW  
STUDENT DEBT<sup>6</sup>



FINANCIAL PRESSURES

AVE.  
APR 21.6%<sup>3</sup>



£7,092  
AVE. UNSECURED  
HOUSEHOLD  
DEBT<sup>7</sup>

5-YEAR RENT +11.4%<sup>4</sup>

LONDON  
HOUSE PRICE +7%PA  
(5% ENGLAND, 2.5% GB)<sup>5</sup>

FIRST TIME BUYER  
9X SALARY



HOUSING CRISIS  
FASTER GROWTH IN  
COST OF LIVING



GROWING  
ECONOMIC  
UNCERTAINTY

# RETIREMENT AND SECURITY

## RESPONSIBILITY WITHOUT ACTION

**87%**  
RECOGNISE  
THAT THEY ARE  
PERSONALLY  
RESPONSIBLE  
FOR THEIR OWN  
RETIREMENT



**21%**  
ARE CONFIDENT  
THEY WILL HAVE  
SAVED ENOUGH  
BY THE TIME  
THEY REACH  
RETIREMENT



YOUNGER  
EMPLOYEES  
EXPECT TO  
WORK FOR MORE  
YEARS AND TO  
BE RETIRED FOR  
LESS



# THE UNIQUE POSITION OF EMPLOYERS



**82%** OF UK EMPLOYEES **TRUST** THEIR **EMPLOYER**  
FOR SOUND FINANCIAL ADVICE



Only **49%** trust a **financial advisor**

and



**65%** trust **online** web tools or apps

Who do business leaders think employees trust?

77% current employer

84% financial advisor

85% online web tools or apps



# OUTLOOK FOR THE FUTURE



## Feelings of financial security could worsen

- Realisation of inadequate retirement provisions
- Ageing population
  - Shifting state pension age
  - Government provision sustainability?
  - DB to DC
- Impact of inflation



## Debt situation could deteriorate

- Unsecured credit up 19% since 2012
- Rising interest rates
  - Unsecured debt
  - Housing costs
- Student loans



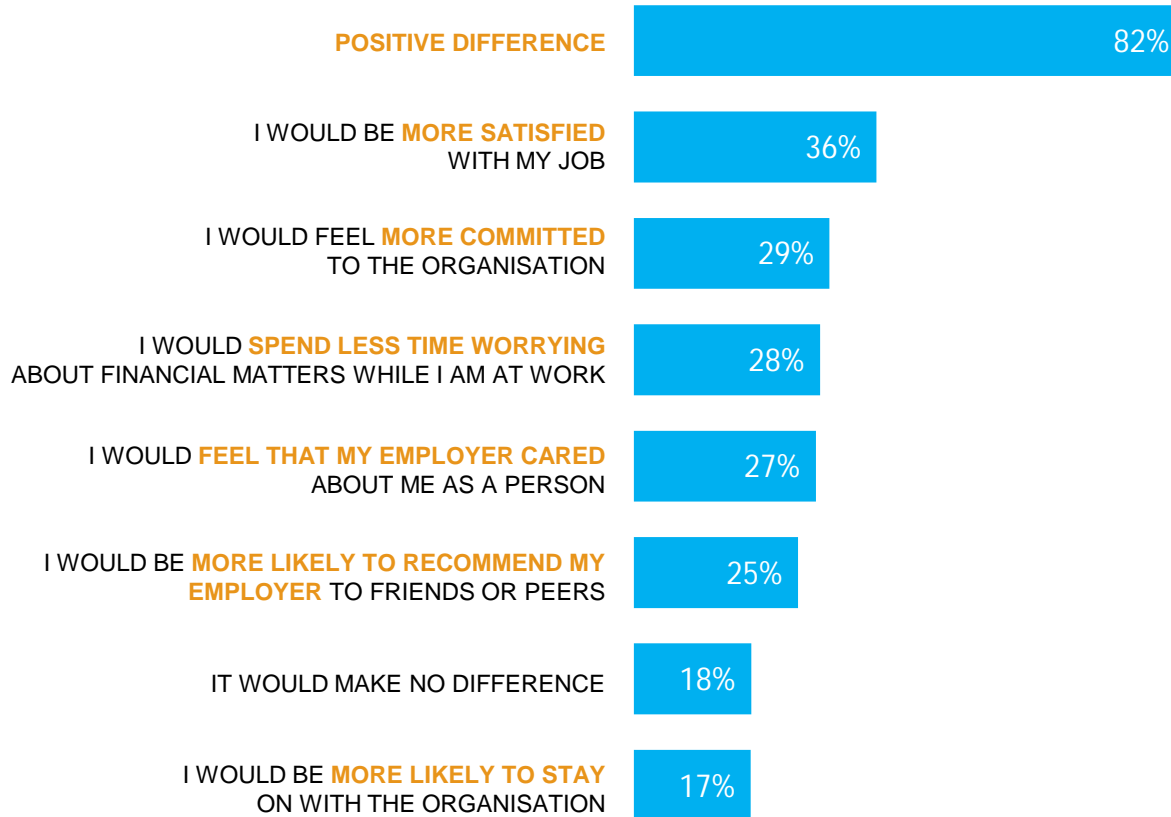
## Retirement adequacy may not improve on its own

- Higher auto-enrolment rates
  - Higher opt-outs?
- More DC majority employees approaching retirement



# BENEFITS TO AN ORGANISATION

What would be the impact of better pension benefits?<sup>1</sup>



An infographic with a light grey background. At the top, four white rectangular boxes are stacked vertically, each containing a blue heading: 'ENGAGEMENT', 'PRODUCTIVITY', 'ABSENCES', and 'RETENTION'. Below these boxes is a white rectangular area containing a blue paper airplane icon with a dashed blue line trailing behind it, suggesting a path or direction. Below the icon, the text reads: 'RESEARCH BY BARCLAYS SHOWS THAT FINANCIAL STRESS CAN COST A COMPANY UP TO 4% OF THEIR BOTTOM LINE<sup>2</sup>'.

# SOLUTIONS FOR EMPLOYEES



**CONTROL OVER THE DAY-TO-DAY**

BUDGETING

DEBT MANAGEMENT



**FREEDOM TO MAKE CHOICES IN LIFE**

EDUCATION & GUIDANCE

FINANCIAL ADVICE



**PREPARED FOR THE UNEXPECTED**

SAVINGS

INSURANCE



**ON TRACK FOR THE FUTURE**

PENSIONS

INVESTMENTS



DIGITAL



IN PERSON

DATA | INSIGHT | ACTION

**SUPPORTING TECHNOLOGY & PARTNERS**



Online benefits platform can be configured to deliver a financial wellness programme via flex and links to underlying services selected by employer.



Money Module as a technology platform to deliver financial health checks, educational content, links to underlying services (e.g. compare & save).



Provision of online interactive educational content, selected workplace programmes and financial advice.

# SUMMARY



**Financial stress impacts all** ages and stages of the workforce



**Financial security is a major concern** for UK employees



**Not enough** employees are **taking action** to improve their financial situation



This is **affecting productivity** at work

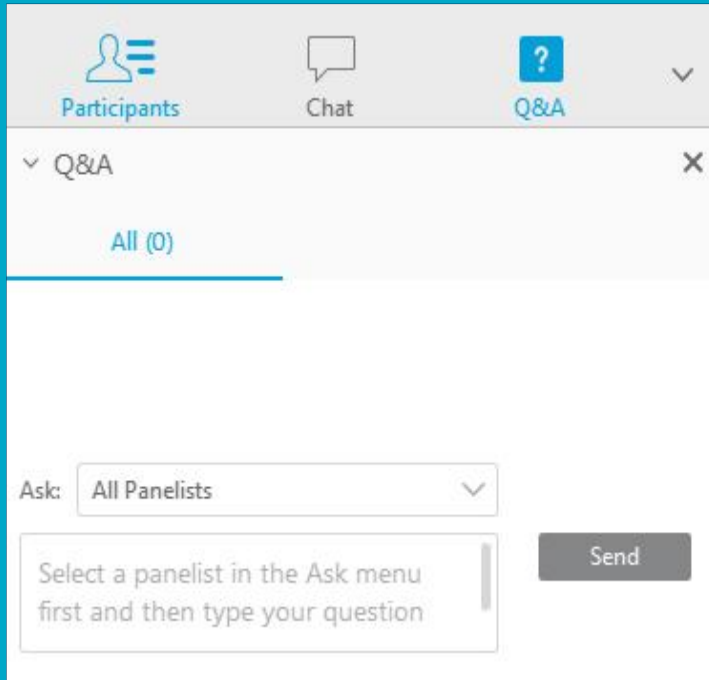


**Employers are uniquely placed** to help their employees on the path to financial wellness

# QUESTIONS?

Please type your questions in the Q&A section of the toolbar and we will do our best to answer as many questions as we have time for.

To submit a question while in full screen mode, click the Q&A button in the top right corner of your screen.



The screenshot shows a user interface for asking questions. At the top, there are three icons: a person icon for 'Participants', a speech bubble for 'Chat', and a question mark for 'Q&A'. Below these, the 'Q&A' section is expanded, showing 'All (0)' questions. At the bottom, there is an 'Ask:' dropdown menu set to 'All Panelists', a text input field with the placeholder 'Select a panelist in the Ask menu first and then type your question', and a 'Send' button.

## FEEDBACK

Please take the time to fill out the feedback form at the end of this webcast so we can continue to improve. The feedback form will pop-up in a new window when the session ends.

**MAKE**  **MERCER**  
**TOMORROW,**  
**TODAY**

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