

The Real Costs of Employee Financial Stress— and How Employers Can Help



Everyone is affected by stress. While some stress can be manageable, too much stress can wear away at a person's mental and physical health. This is bad news for companies that don't take steps to address the issue, as stress can have a negative impact on productivity, moral and your bottom line.

For employees, finances are the number-one source of stress,¹ more so than work, health and even family issues. Financial stress is a concern for employees at all income levels: Even among employees with an annual household income of \$100,000 or more, 52% report feeling stressed by finances.²

Such stress can affect your company's bottom line. Let's look at how:

Declines in Productivity

When employees are financially stressed it is hard to "leave it at the door." One in five employees admits that productivity at work has been impacted by financial worries. In fact, 49% of employees who are distracted by their finances at work say they spend three or more working hours each week thinking about or dealing with issues related to their personal finances.³ Over the course of a year, a full-time employee may spend more than 156 hours (or 19.5 days) distracted from work because of personal money matters. Based on the average American hourly wage, you could effectively be paying financially stressed employees \$3,922 or more each year to fret about money on the job.⁴



DECLINES IN PRODUCTIVITY

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Weakened Company Culture

Stress hacks away at morale. Employees burdened by money matters are nine times more likely to have troubled relationships with coworkers and are twice as likely to be searching for a new job.⁵ This could pose a myriad of issues, from trouble retaining employees to increased H.R. workload and training costs.

Delayed Retirements

Did you know that 40% of employees plan to postpone retirement?⁶ This can have an impact on your bottom line by way of wages, health-care costs and workers compensation. Research shows, even a one-year delay in retirement could result in:⁷

- Incremental annual workforce costs of about 1.0%-1.5% for an entire workforce.
- An incremental cost of over \$50,000 for an individual whose retirement is delayed. This represents the cost differential between the retiring employee and a skilled replacement.

Helping Ease Employee Stress

To combat the negative effects of financial stress and build a stronger, more loyal team, consider offering a Financial Wellness program. This is a widely desired benefit: 60% of employees say they are more likely to stay with an employer that offers a program designed to help them manage their money.⁸

When implementing a program, be sure it is tailored specifically for your employees. For instance, a recent survey showed half of employees spend more than they earn each month; therefore, resources on budgeting could be highly beneficial for these folks. Another idea is to focus on debt management, given that 37% of employees say they have more debt than they can manage.⁹

The good news is that employees want help in their financial lives—and you are in a position to help them. Providing a holistic and comprehensive financial wellness program can help reduce stress in the workplace, improve company culture and strengthen your bottom line. Because when your employees thrive, your business thrives.

1 PwC's Annual Employee Financial Wellness Survey, PwC US, 2012-2019

2 [Financial Health Network. "Better for Employees, Better for Business." May 2019.](#)

3 [PwC's Annual Employee Financial Wellness Survey, PwC US, 2019.](#)

4 [Trading Economics. "United States Average Hourly Wages, 1964-2020." April 2020. \(Based on avg. hourly wage of \\$25.14\)](#)

5 [Salary Finance. "Inside the Wallets of Working Americans." 2020.](#)

6 [PwC's Annual Employee Financial Wellness Survey, PwC US, 2019.](#)

7 [Prudential. "The Cost of Delayed Retirement." July 2019.](#)

8 [Financial Health Network. "Better for Employees, Better for Business." May 2019.](#)

9 [Financial Health Network. "Better for Employees, Better for Business." May 2019.](#)

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