



Stress, finances, and well-being

Driving behaviours that matter

The Manufacturers Life Insurance Company (Manulife)

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.

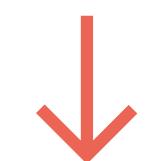




Key findings

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 have suffered. Our third annual survey of Canadian workers reveals that more than four in ten are unhappy with their financial situation.



Scroll for additional findings

Three drivers of financial well-being

Workers' financial stress follows them to the workplace, and it comes at a real cost to employers in the form of absenteeism and lost productivity.

The good news is that workers see the workplace as a potential source of help and feel better about their finances when they:

- 1** Work with a financial advisor
- 2** Have access to workplace financial wellness resources
- 3** Review and engage with their retirement plan regularly

Offering a comprehensive retirement program and connecting employees to trusted advice and resources to help their financial well-being can help to reduce an employee's stress, increase productivity, and make it easier to attract and retain talent.

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

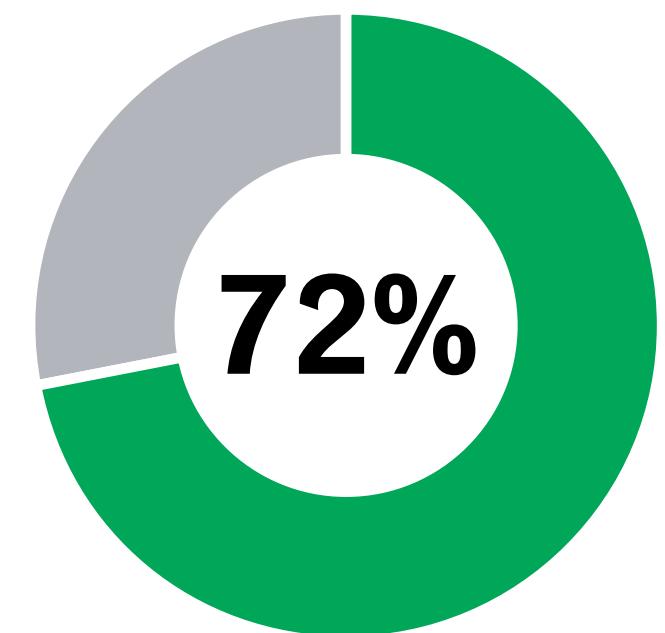
All of us—plan sponsors, financial advisors, and group retirement providers—are uniquely positioned to provide the support that helps drive positive saving and investing behaviours. And through this support, we can help workers confidently navigate events outside their control and keep their financial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



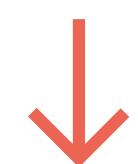
Stress and the economy

Economic conditions have elevated financial stress

Almost three-quarters of Canadian workers are concerned about their level of financial stress. And with the Bank of Canada raising interest rates seven times in 2022, and inflation averaging **6.8%** in 2022, the number one worry is the economy.¹



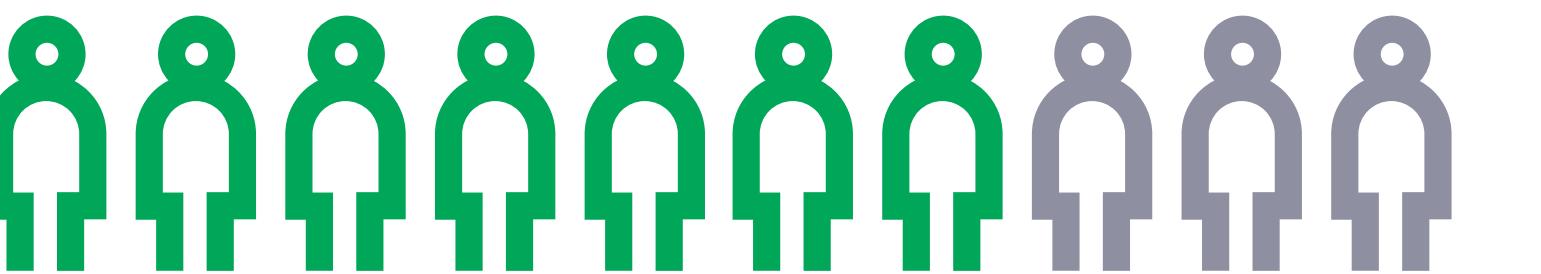
of workers are under financial stress



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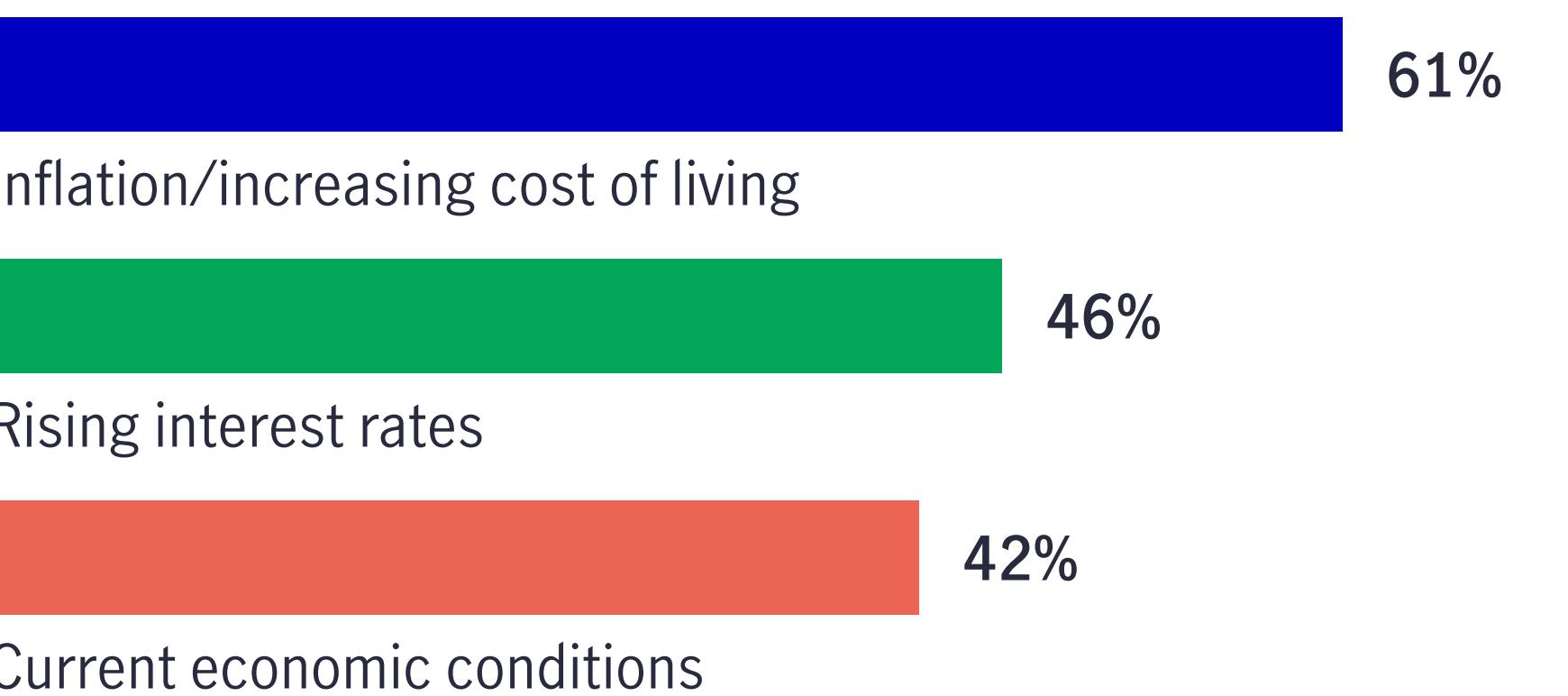
¹ Statistics Canada, <https://www150.statcan.gc.ca/n1/daily-quotidien/221221/dq221221a-eng.htm>.

It's the economy

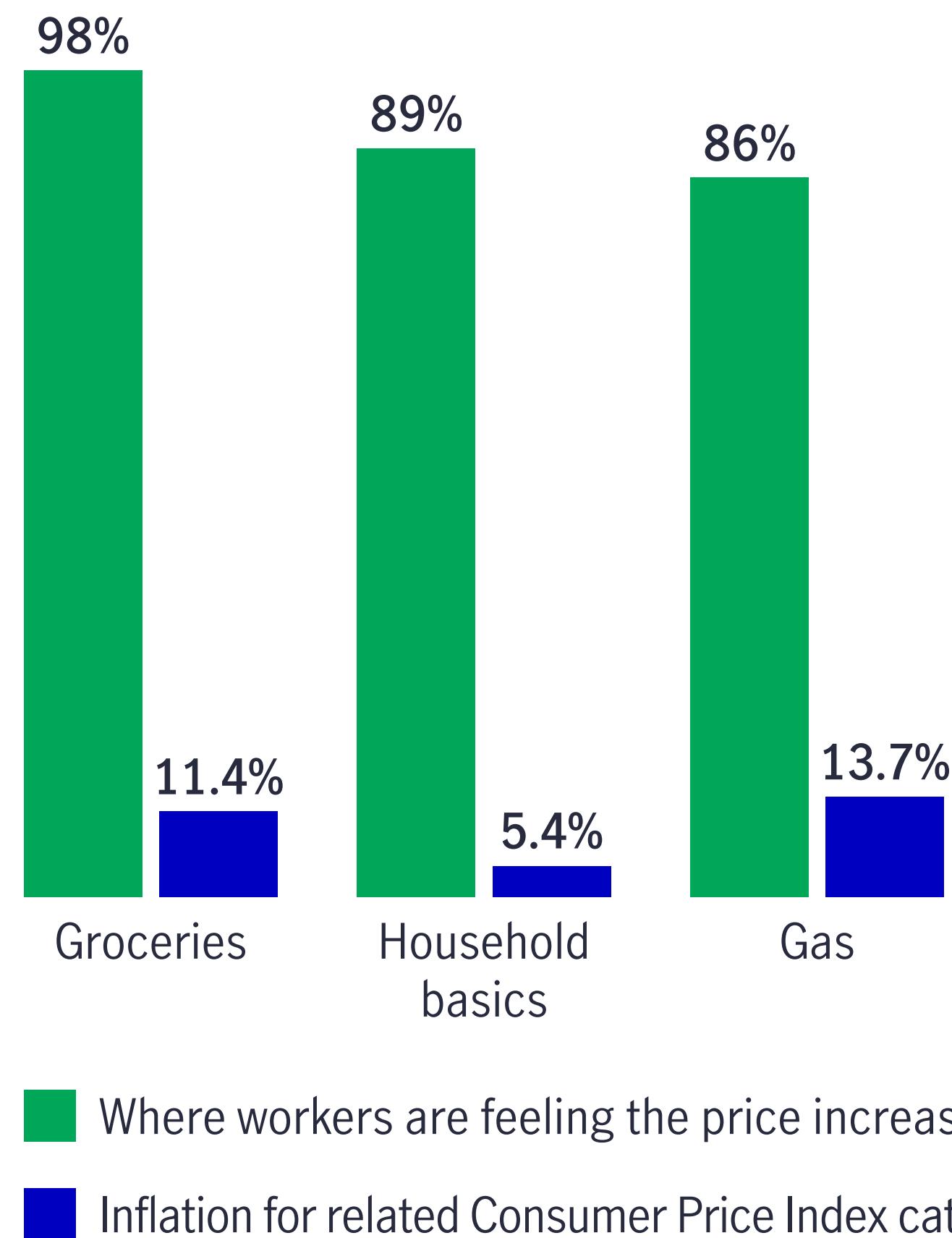


7 in 10 workers are worried a great deal about the economy, with inflation topping the list.

What worries people?



Nearly all Canadian workers are feeling the crunch as everyday goods get more expensive



Source: Statistics Canada,
<https://www150.statcan.gc.ca/n1/daily-quotidien/221221/dq221221a-eng.htm>

Canadians are shifting their spending



77%

are making changes to their shopping habits and purchase plans to manage increasing expenses



64%

are comparing costs



46%

are postponing large purchases



27%

are cutting back on fun/hobbies to afford daily life



26%

are only buying the essentials

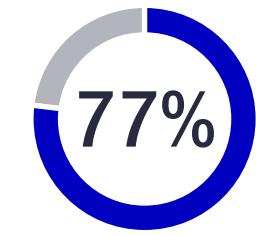
7 in 10 say the economy isn't just affecting their financial well-being, it's affecting their mental health.



How much of an impact is the current state of the economy having on workers' mental health?



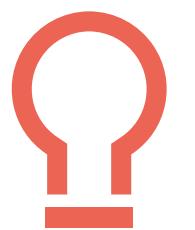
92% Those in a poor financial situation



77% Those in a good financial situation



60% Those in a very good/excellent financial situation



Offering webinars focused on budgeting can help employers engage workers who may be feeling overwhelmed by the spike in prices.



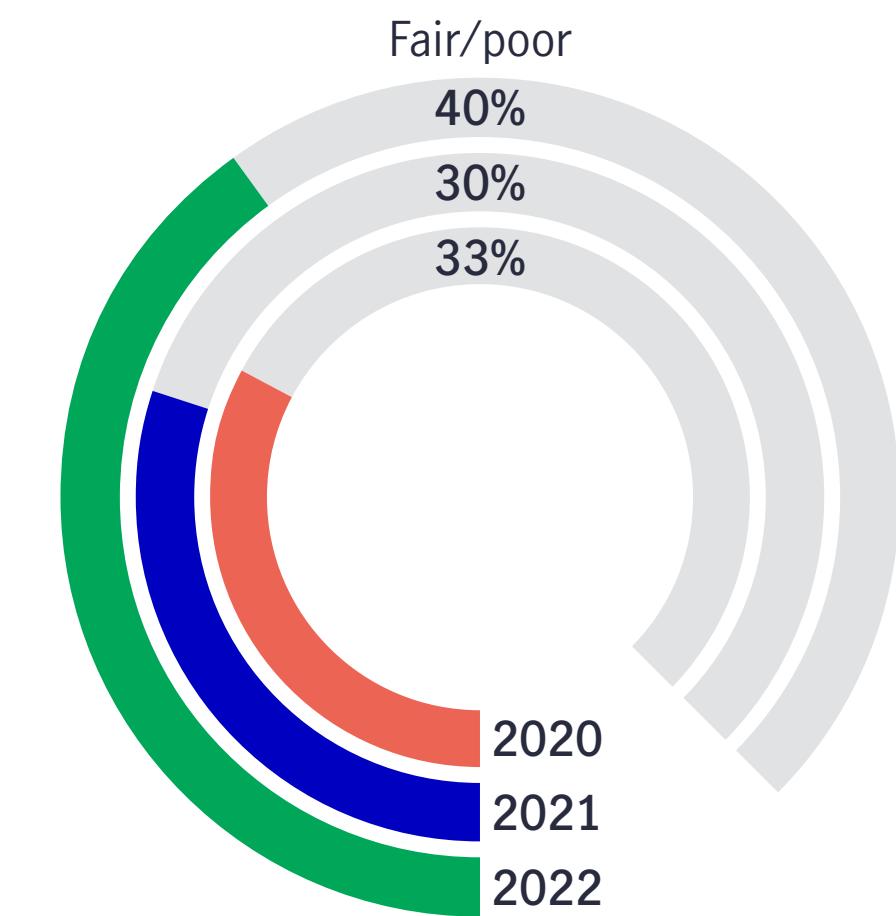


The effect on personal finances

Workers are feeling the weight of their personal finances

After some improvements during the pandemic, workers are feeling worse about their finances.

Poor financial situations are increasing



Just **1 in 5** workers feel their financial situation is very good or excellent and almost **3 in 10** are very worried about having financial difficulties in 2023.

Workers in the
Prairies and Atlantic
Canada feel the worst
about their finances.



Scroll for additional findings

Top five financial concerns

More than half of workers worry a great deal about an aspect of their personal finances.

- 1** Credit card debt
- 2** Not having enough emergency savings
- 3** Not having enough retirement savings
- 4** Repaying student loans
- 5** Current financial situation



With the looming threat of a recession, we learned more about the savings and debt challenges and plans of Canadians

80%

plan to grow, maintain, or invest their savings

50%

plan to pay off debt

37%

find saving money right now is a challenge



Workers with a financial advisor are almost twice as likely to say they have a very good/excellent financial situation than workers without. Employers can help by offering access to financial advisors to provide personal advice.

30%

intend to plan for retirement

16%

have dipped into their savings to be able to afford daily life





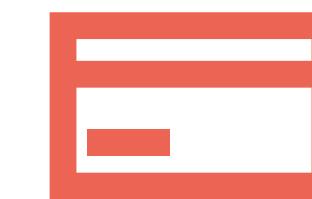
Difficulties with debt

Over half of Canadian workers feel their level of debt is a problem, particularly those in the Prairies and Atlantic Canada.

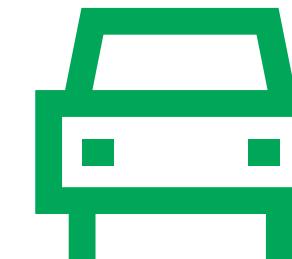
Primary sources of debt



1 Mortgage



2 Credit card

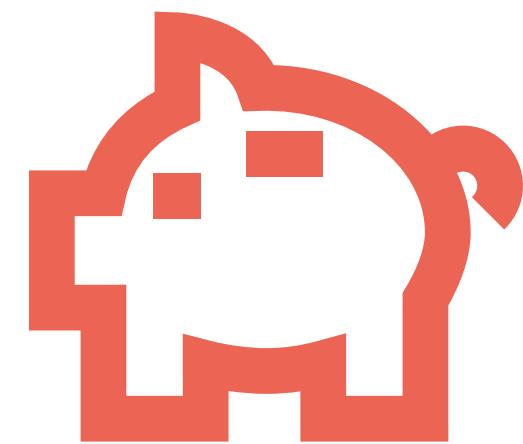


3 Car payments

Canadians who feel their debt is a major problem are the most worried about having financial difficulties.



Employers can help employees manage their debt by providing a range of support, including online budgeting tools, financial wellness webinars, and access to personal advice. Managing personal debt can reduce financial stress and help employees to focus on work in the workplace.



Retirement unreadiness

With the ever-changing economic conditions, more Canadians feel like their retirement planning and savings are falling behind.

And it's not just boomers, there's a feeling of retirement unreadiness across all generations.



■ Far behind ■ Behind



1 in 3

expect to retire later than planned.
This is up from 1 in 4 last year.



Same as last year,

1 in 4

Canadian employees worry a great deal about affording the basics in retirement.



Enable features, such as contributions through payroll deductions, in your group retirement and savings plans to make retirement saving easier for employees.



Demographic differences

Certain populations are disproportionately affected by economic stress and uncertainty.



Offer a variety of options that can support the diverse needs and challenges of your employees, including direct outreach, mobile and online engagement, advice, webinars, and virtual educational sessions so they can stay connected with your program and its resources in a way that works for them.



Feeling the pressure of rising **interest rates** and increased **inflation**

- Women
- Those with less assets
- Younger generations



Adjusting their **spending habits**
Women



More likely to have a **financial advisor**

- Boomers
- Those with more assets



More likely to feel that the **worst of the economic downturn** will be over a year from now

- Men
- Those with kids
- Visible minorities



Economy more likely to cause **stress**

- Women
- Younger generations
- Those in a weaker financial situation



Having a harder time **saving money**

- Younger generations
- Those with less assets



Less likely to be sure of their **retirement plan**

- Women
- Gen zers/millennials



Economy is more likely to impact **mental health**

- Women
- Younger generations
- Those in a weaker financial situation



More likely to **dip into savings**

- Younger generations
- Visible minorities
- Those with less assets



Financial stress causes **missed work**
People with major debt



Impact on employers

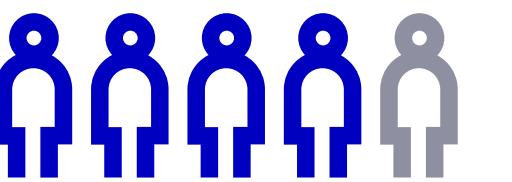
Stress continues to seep into the workplace, affecting employers' bottom line

As much as people try to keep their personal and work lives separate, many find it hard to leave their financial concerns at home. And this added distraction is affecting job performance—making stress not only a personal issue but a business issue that has real costs for employers.



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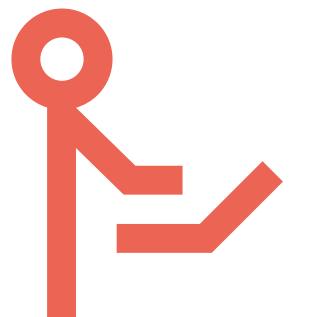
Personal finances are taking up time at work



4 in 5
worry about their
finances at work



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



1 in 2
of those who worry
say they'd be more
productive if they
weren't so stressed

Mental health is also holding workers back

71%
say their mental health interferes
with their ability to do their job

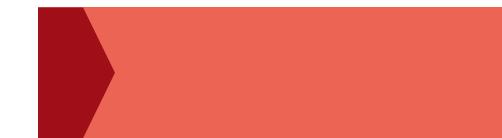
64%
feel burned out at
least sometimes





Absenteeism and lost productivity cost employers \$1,786 per year per employee

Small business (10–100 employees)



\$17,860 → \$178,600

Medium business (101–499 employees)



\$180,386 → \$891,214

Large business (500+ employees)



\$893,000+



Workers appreciate and engage with financial wellness resources, especially when those resources are relevant to where they are in their own lives. Consider reaching out to workers based on their life stages or actions they're taking, as people are more likely to act when they receive relevant information.

This is a hypothetical illustration used for informational purposes only, based on data from Manulife's 2022 stress, finances, and well-being survey. This calculation is intended to provide general information about how much financial stress can cost a company every year. The above calculation is based on missing 5.6 hours/year and 28.8 hours/year of lost productivity due to symptoms of financial stress with an assumed salary of \$51.92/hour. Individual circumstances may vary; the example may not be reflective of your situation.

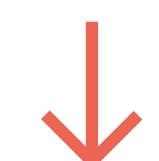


What workers want

Helping workers manage their financial lives benefits employers, too

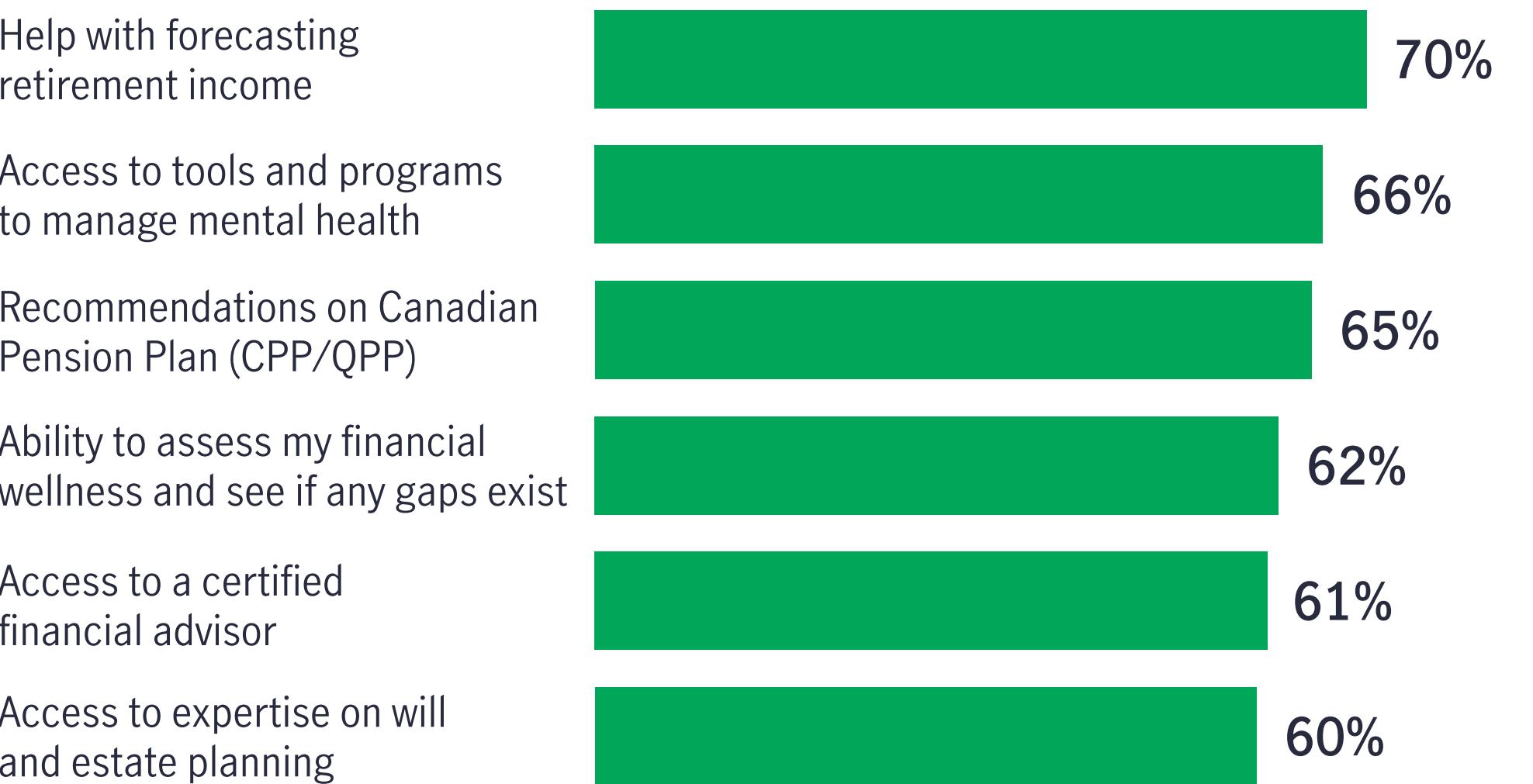
Canadian workers need—and want—help navigating external economic events. And they want that help from a trusted source.

There's an opportunity for employers, the financial community, and group retirement providers to play an important role in financial preparedness, and Canadian workers want the support. Over the past three years, we've seen a trend with many workers interested in support from their employers, especially when it comes to financial planning and mental health.



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Top areas of interest for employer support



82%

of Canadian workers
feel it's important for
employers to offer financial
wellness resources.

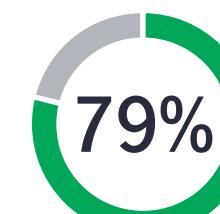


Workers with access to
financial wellness resources
report improvement in their
stress levels, finances, and
feelings about their employer.





Financial wellness programs are good for employees and employers



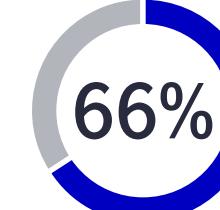
Reduced financial stress



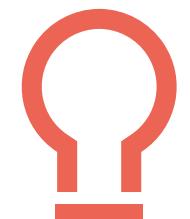
More likely to stay with employer



More likely to recommend employer to others

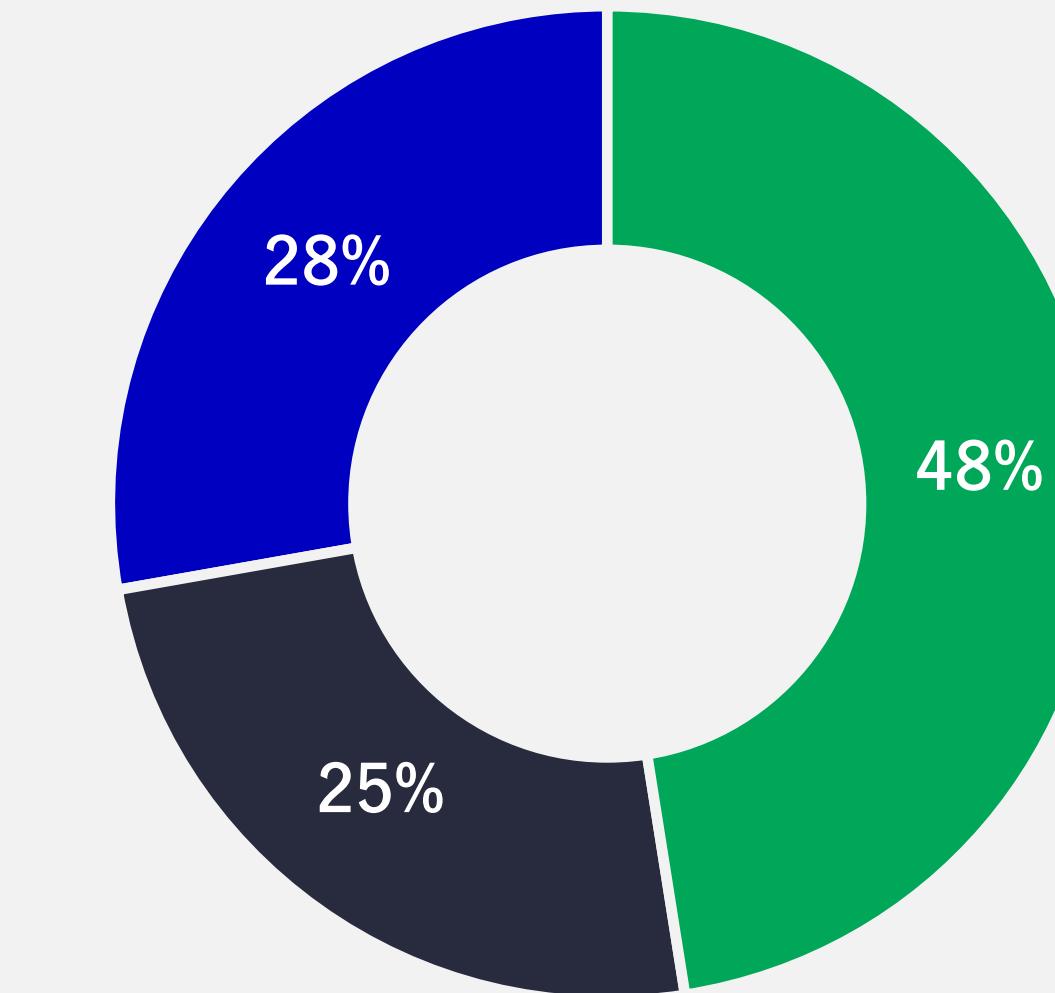


Increased productivity



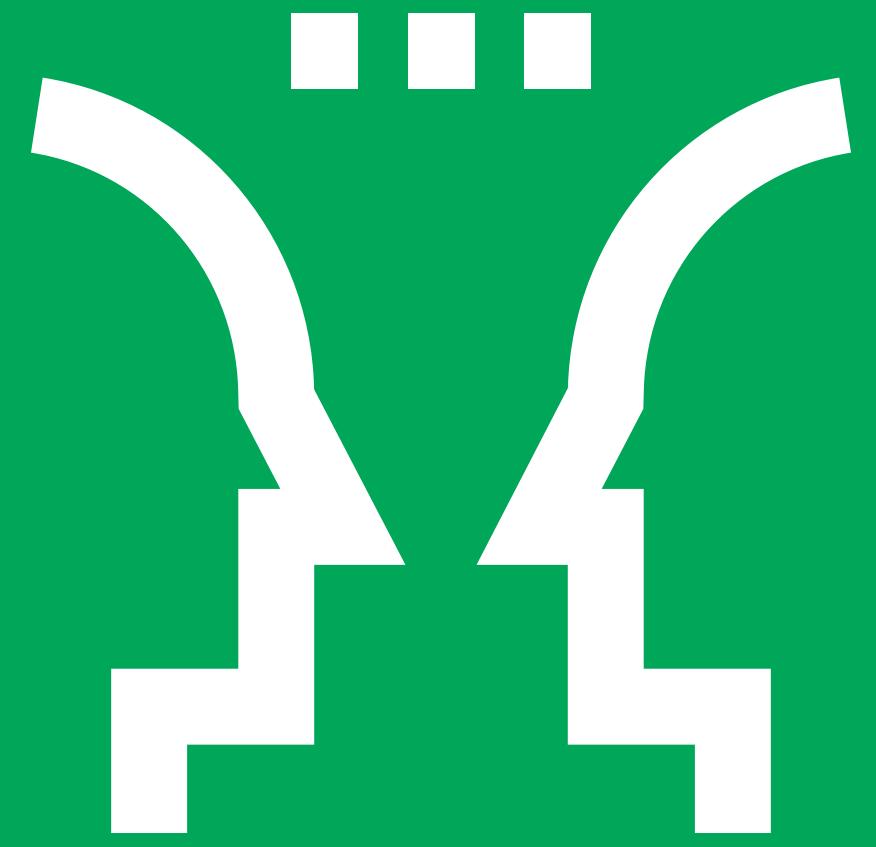
Offering employees access to financial wellness resources and financial advisors through workplace plans can help them make progress on their goals. Not only does it benefit employees, but they may also help with talent acquisition and retention.

Only half say their employer offers a program, and **1 in 4** aren't sure, showing an opportunity to better promote existing programs.



- Yes, my employer offers a financial wellness program
- No, my employer doesn't offer any financial wellness programs
- Not sure

Helping employees manage their finances may reduce their stress and increase their productivity and company loyalty.



Support that works

Greater engagement is connected to stronger financial health

Only **1 in 5** Canadian employees now describes their financial situation as very good/excellent, but those with a financial advisor and/or formal retirement plan are more likely to say they have a very good/excellent financial situation. The more engaged people are with their finances, the more optimistic they are about their situation.

As we've shared throughout the report, one-on-one support that encourages this positive behaviour makes a difference.



Scroll for additional findings

Those who have a financial advisor are:

- In a better financial situation
- Having an easier time saving money
- More likely to be on track to retire
- Less likely to worry about affording basic expenses in retirement
- More likely to feel good about their mental health

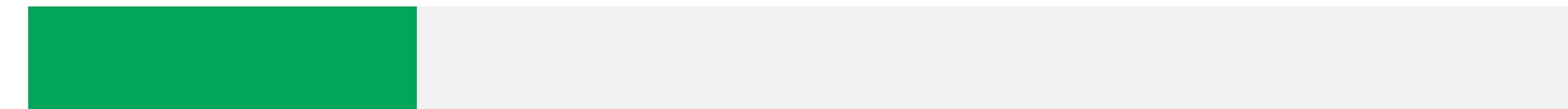
Despite Canadian workers' concern about the economy, fewer people worked with an advisor within the past year than in 2021

2022

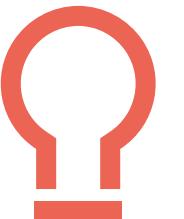


59% didn't work with a financial advisor within the past year

2021

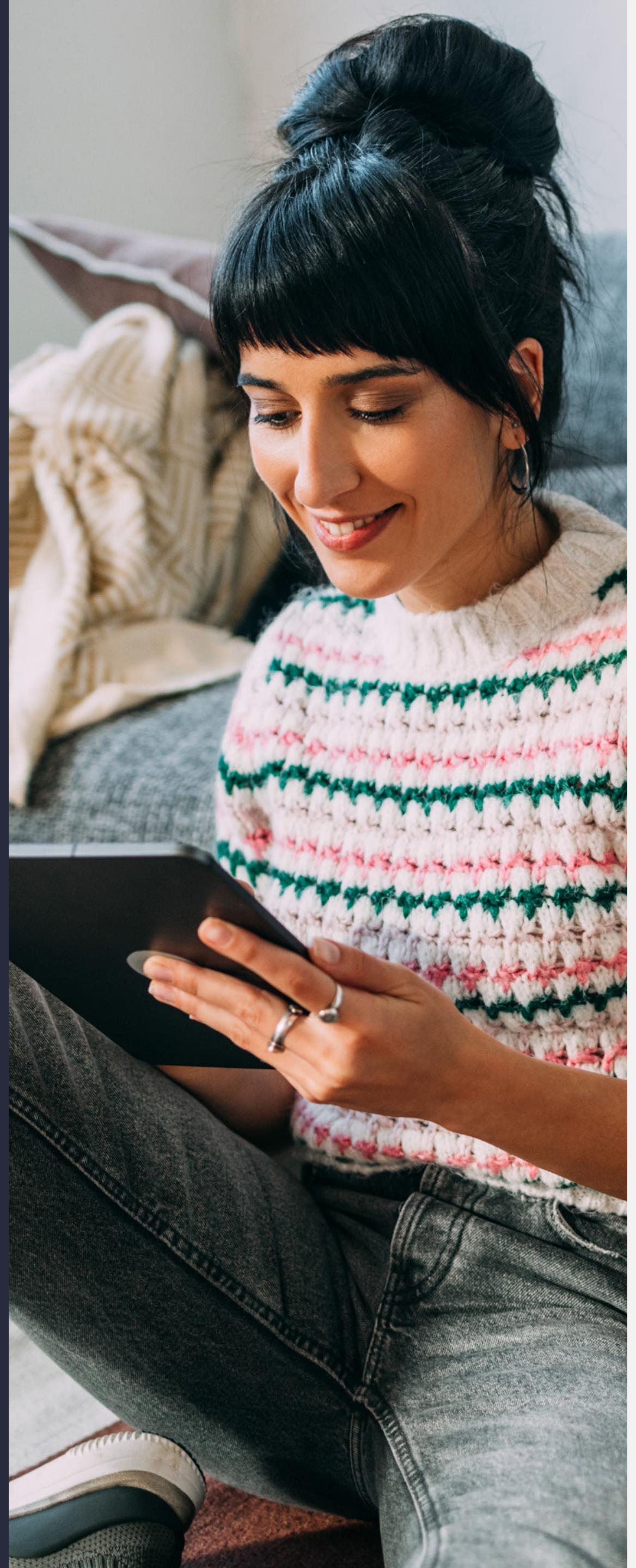


24% didn't work with a financial advisor within the past year



Offering resources—such as a consultation with a financial advisor, information on sources of retirement income, and professional management of retirement investments and savings—can significantly help employees feel more prepared for retirement and less stressed.





Digital interactions help fuel financial preparedness

Make sure you're meeting your employees where they are: **online**.

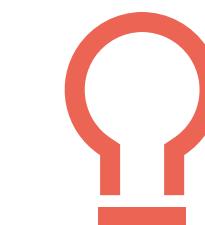
46%

of respondents use a desktop computer or a mobile app to access their retirement information each month (or more often).

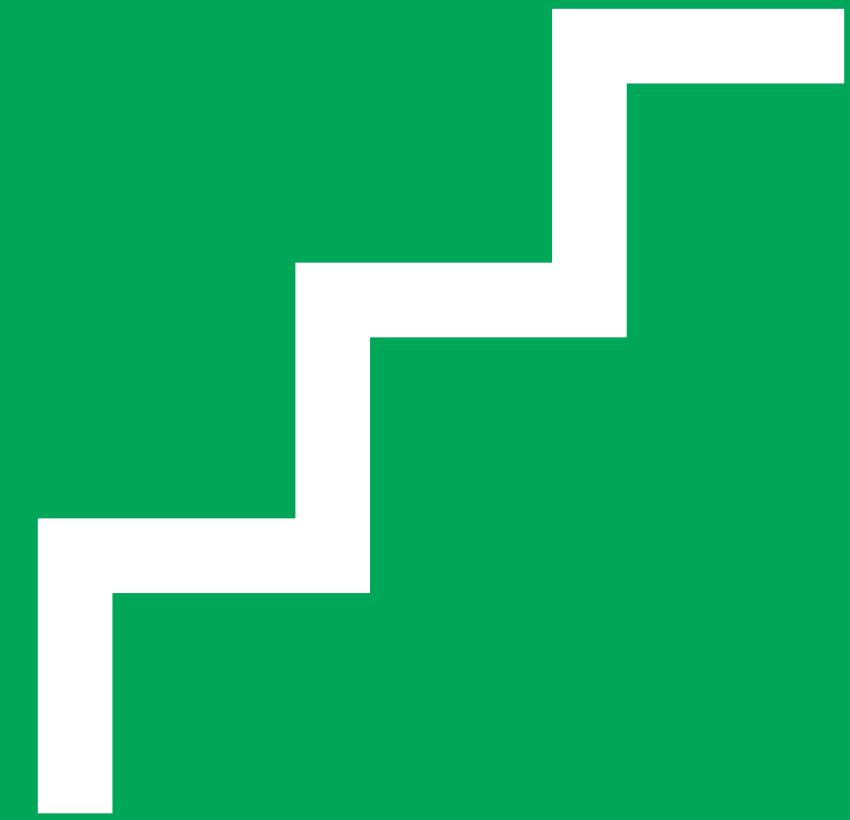


Most prefer to manage many retirement tasks online instead of with a service representative.

Our John Hancock stress, finances, and well-being survey looked at our U.S. retirement plan members and uncovered the benefits of digital engagement. Plan members who are more digitally engaged with their retirement plan provider through email, website, or mobile app report better financial situations, have fewer issues with debt, and are more retirement ready.



Employees want digital options—desktop and mobile—to manage their retirement savings and use tools to take the next steps toward their financial goals.



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 a comfortable retirement. And they're looking to their employers, financial advisors, and group retirement providers for help navigating this volatile economy.



Scroll to see next steps

Next steps

⑤ Evaluate your current level of support

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

- Professional advice
- Retirement planning and financial wellness tools

⑥ 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.

⑦ Partner up to optimize your support

Reach out to your group retirement 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.

⑧ Benchmark your offering

Use our findings to help you set goals and measure the impact of your support.

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

To learn more, please visit manulifeim.ca/retire/stress.



We help Canadians confidently *save and invest* for their retirement *goals*

This year's survey was conducted with 1,551 Canadians using Angus Reid's research panel. The survey was conducted in English and French from November 28, 2022, to December 8, 2022, with an average survey length of approximately 17 minutes per respondent. Survey respondents were age 18 and up, were employed, and contribute to an employer-sponsored retirement plan. Differences in trend data from the prior year are noted throughout the report. Due to a change in the panel partner, sample composition, and questionnaire content, not all data can be trended. The maximum margin of sampling error at the 95% confidence level is $\pm 2.3\%$. Percentages in the tables and charts may not total 100 due to rounding and/or categories not included. The 2022 stress, finances, and well-being survey was commissioned by Manulife and John Hancock Retirement and conducted by Edelman DXI. Manulife is not affiliated with Edelman DXI and neither is responsible for the liabilities of the other. The commentary in this publication is for general information only and should not be considered legal, financial, or tax advice to any party. Individuals should seek the advice of professionals to ensure that any action taken with respect to this information is appropriate to their specific situation.

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