

# THE FINANCIAL WELLBEING OF EDUCATION STAFF

Why investing in the financial security  
of your staff is good for business

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Super



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Foreword by Laura Wright, CEO

# FOSTERING FINANCIAL WELLBEING FOR FUTURE SUCCESS



A handwritten signature in black ink that reads "Laura Wright".

**Laura Wright**  
Chief Executive Officer  
NGS Super

Investing in a financially secure workforce is good for staff and employers. This may seem like an obvious truth but as the economy emerges from the impacts of the pandemic, understanding the drivers for attracting and retaining valued staff is extremely important for the education sector.

NGS Super recently commissioned research which found that many staff in the sector are concerned about their financial wellbeing, which in turn is impacting their physical and mental health. They also told us it was affecting their focus at work and making them feel insecure about their future. For employers, this means you're spending more time reacting to workforce issues rather than focusing on your future strategy and building a strong and vibrant workforce.

But our research also found that staff who feel financially secure are more focused, productive and engaged. This indicates that employers have the opportunity to add value in the workplace by providing access to financial wellbeing programs that help staff make informed financial decisions.

NGS Super is here to help employers and staff with this opportunity. With the help of our specialist team, we're encouraging employers in the education sector to **'choose to chat'** with staff about their right to choose their super fund. This is an important choice and it's a conversation that we suggest you have as soon as you can.

As you'll find in this report, financial worries and stress can impact productivity and performance at work. Helping your staff improve their financial wellbeing is an opportunity to lift employee engagement, improve morale, and increase staff retention. It will help boost your business, making it a win-win for everyone.

# FINANCIAL WORRY DOESN'T DISCRIMINATE

The relationship between staff and employers has dramatically changed in recent years. Expectations from staff that their physical, emotional and financial wellbeing will be supported in the workplace have increased exponentially.

As wages fail to keep pace with rising living costs, individuals and families are coming under increasing financial pressure. Financial worries like unexpected expenses and emergencies, managing budgets and daily expenses are the highest concerns.

Women tend to worry more often about their finances than men.<sup>1</sup> A recent study led by Monash University revealed that one in 5 Australian women aged 55 to 64 years have high levels of mental distress associated with financial insecurity.<sup>2</sup>

Furthermore, staff who have been in the workforce for less than 2 years are generally not as financially savvy as those who have 5 years or more of work experience.

This all indicates that employers have the opportunity to support the overall health and wellbeing of their staff, by introducing programs that build their financial confidence and capability.

Helping staff improve their financial wellbeing can strengthen their levels of trust and loyalty. Staff who are on track with their financial goals are likely to be more committed to your organisation's goals and still working for you in 12 months' time.<sup>3</sup>

This sentiment of caring about the holistic health and wellbeing of staff — including their financial wellbeing — were echoed by many NGS Super employer partners.

“

I want them to be happy, confident, secure, and able to focus on doing what they do best.”

— NGS Employer partner

“

It's a holistic approach to caring for the individual ... from when they start employment to when they retire, and if something happens in between.”

— NGS Employer partner

## The impact of financial insecurity

Financial insecurity is defined as an inability to meet basic financial commitments because of a shortage of money. The inability to pay bills on time and asking for financial help from friends or family are the most common indicators of financial stress.<sup>4</sup>

Staff who experience financial stress are more likely to change jobs, both in the year of onset of financial stress and in the following year.

Research also shows that many staff worry about their financial situation and find dealing with money stressful and overwhelming. Meeting short-term needs comes at the expense of long-term goals, such as saving for retirement.

Staff who are financially insecure are more likely to feel negative or uncomfortable and lack confidence and self-belief. This can result in absences, running late, leaving early, errors, lack of concentration, accidents, and lower productivity.

The private financial problems of staff can also adversely affect the mood and culture of your entire workplace.<sup>5</sup> However, by taking steps to boost the financial knowledge of their staff, employers can play a positive role in reducing this stress and help to build a happier and more productive work environment.

## Providing financial security beyond salary

Salary isn't everything when it comes to making your staff financially secure.

Our research suggests that staff believe they would benefit from workplace financial wellbeing programs. Many staff — particularly younger generations — expect their employers' help with their financial wellbeing.

Helping to provide greater financial security for your staff is a valuable benefit to them, so effective programs can help you attract the right staff when the labour market is tight. It's also your opportunity to boost the performance of your business when finding productivity gains is challenging.

Employers are encouraged to think outside of the box when it comes to staff rewards and benefits supporting financial literacy and wellbeing. They could include educational material or webinars, choosing to chat about super or retirement planning with your staff at key milestones in their career, or facilitating access to financial advice via their super fund. There is no right or wrong approach to rewards and benefits and there is no one-size-fits-all. The most important step is considering it.



I really think that we probably should provide better education to our staff ... particularly for young staff to pick up on, about the importance of getting [super] right. And the difference in just going with anyone who you had when you were working retail while studying. Some of those funds aren't anywhere near as good as what we're providing.

— NGS Employer partner



4. HILDA Survey [https://melbourneinstitute.unimelb.edu.au/\\_\\_data/assets/pdf\\_file/0009/3963249/HILDA-Statistical-Report-2021.pdf](https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0009/3963249/HILDA-Statistical-Report-2021.pdf)

5. Salt-Money 101, Australia, a wealthy nation, feeling unwell <https://saltlearning.com/wp-content/uploads/2022/02/Salt-Money101-AustraliaAWealthyNationFeelingUnwell-Feb2022.pdf>

# EMPLOYEE INSIGHTS: HOW EMPLOYERS CAN SUPPORT STAFF WELLBEING

Our research reveals that today more than ever, employers, need to pay attention to the welfare of their employees which includes their financial wellbeing. This can be challenging for employers but also very worthwhile.

We asked **500+** Australian workers — including **278 from the education sector** — how their financial wellbeing impacts them at work, how their employer currently supports them, and what their expectations of their employer are to provide more information, education, and support for their financial wellbeing.

**We canvassed people working in early childhood all the way to tertiary education, including a mix of government, public, private, and Catholic schools.**

Many staff in the education sector are trying to manage their finances, but with the increasing cost of living, they focus on making ends meet and tend to overlook preparing for unexpected major expenses or retirement planning.

Not many of them have full confidence in their current financial situation and the impact of this financial stress could easily be reflected in their performance, productivity, and attitude to work.

Our research suggests that a good way to start is to identify the early signs of financial distress among your staff and then provide support by introducing a financial wellbeing and literacy initiative in the workplace.

## Key insights from our research

- Employers can play a role in providing support and creating a meaningful impact to employees' financial wellbeing.
- Financial stress can impact performance and attitude, though a few are not open to discuss this at work.
- Education on superannuation and retirement should cover everyone from first time to long-term employees.
- There is a need to engage employees on superannuation and the importance of planning for retirement.



## State of personal finances

Our survey shows that about 50% of staff in Australia's education sector are managing and controlling their finances, but more broadly, many are sitting on the edge in terms of strong financial wellbeing.

**51 %** of respondents say they are in control of their finances and regularly review them.

**35 %** can meet their expenses and save some money.

However, as the cost of living rises, making ends meet and preparing for unexpected major expenses and retirement can be challenging.

**2 out of 10**

staff in the education sector say they live 'week-to-week' and have no savings.

**1 in 7** say they cannot pay their bills on time.

**30 %** say they could not handle any major unexpected expenses.

## Financial concerns

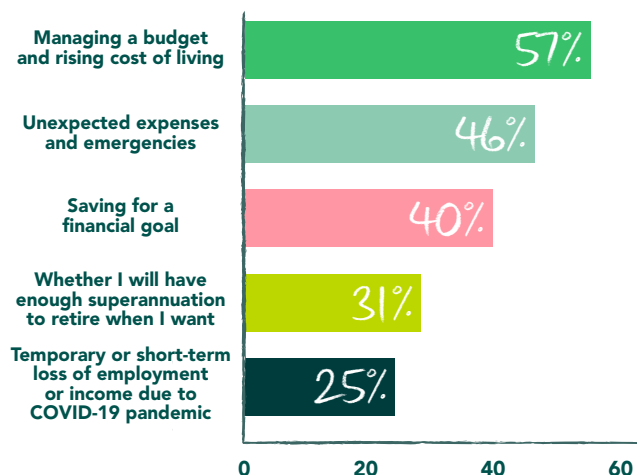
Unfortunately, most staff in the education sector are not confident about their financial wellbeing.

**2 out of 3** say they worry about money, with **30%** lacking confidence in their financial situation.

Concerns are primarily around budget management and the rising cost of living, followed by unexpected expenses and emergencies.

However, **close to 1 in 3** worry about whether they will have enough superannuation to retire when they want to, revealing that future financial security is a concern for many and potentially impacts their productivity at work.

## Causes of concern in the last 12 months



## Impact of financial stress at work

Those working in the education sector are not just affected by workload and staff availability — financial stress can also affect their performance, productivity, and attitude at work.

**64%** of respondents believe financial stress affects the way they feel or behave at work.

In the last year, financial stress has negatively impacted how respondents behaved in the workplace in the following ways:

**21 %** feel anxious and more stressed than normal.

**17 %** avoid taking sick or personal leave due to loss of income.

**10 %** experience low motivation.

**41%** of staff in the education sector intend to stay in the sector for the time being, but **1 in 10** say they are actively looking for other opportunities in a different sector.



## Value of a financial wellbeing program in the workplace

Staff in the education sector put salary increases, extra leave, and professional development at the top of their desired rewards and benefits. However, employer support to improve their overall financial wellbeing is valued and presents an opportunity for employers to differentiate themselves.

**2 in 3 respondents say they would value a financial wellbeing program from their employer that includes access to financial experts and information on how to grow their financial knowledge.**

*In particular, staff said they would appreciate superannuation strategies and expert financial support.*

### Preferred forms of support on financial literacy and wellbeing from employers

- Information on superannuation strategies, including what fund to choose, fees, investment performance, etc. **(44%)**
- Information to understand superannuation (e.g. salary sacrifice) **(42%)**
- Access to a financial planner or expert for internal consultation **(39%)**
- Information on retirement planning and transitioning to retirement from a specialist **(37%)**

## Who and what: Employees' appetite for financial wellbeing in the workplace

Staff in the education sector said they would value more support around financial wellbeing from their employer.

The appetite for more information and engagement about their financial wellbeing reflects the concerns that staff face and highlights the potential value employers can offer.

**68%** agree or strongly agree that employers have a role in helping their employees prepare for retirement.

**59%** said they would be comfortable having a financial discussion with someone in their workplace on any financial topics.



## Topics employees would like to be able to access through their workplace:



Planning for retirement  
(45%)



Superannuation e.g. choosing a fund,  
fees, insurance, performance  
(59%)



Understanding tax  
(41%)



Saving for a goal  
(42%)



Managing a budget and everyday expenses  
(29%)

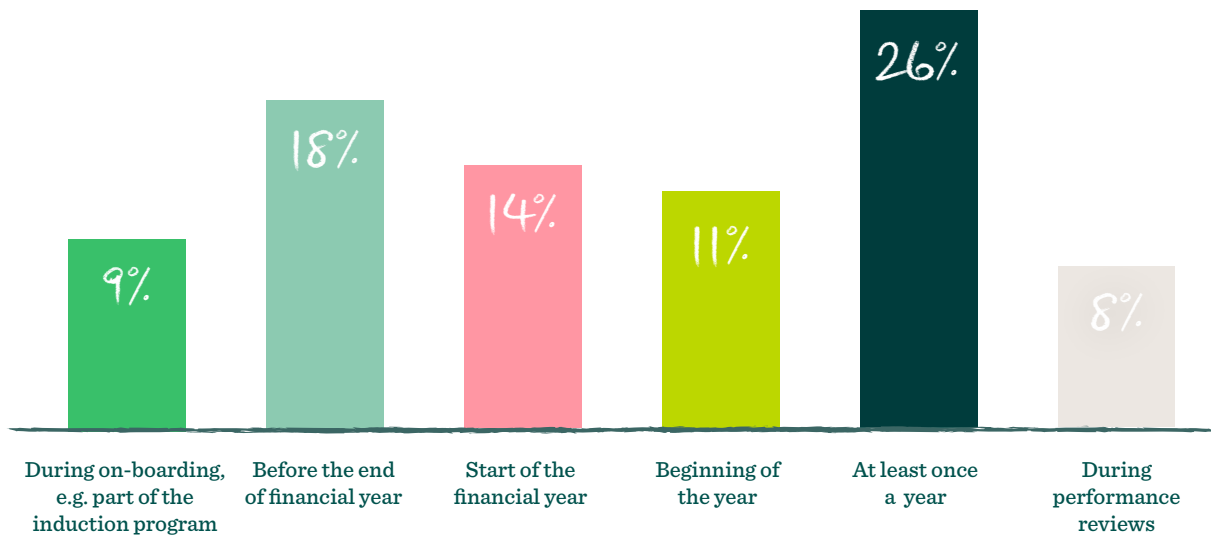


Employees expect a level of confidentiality and professionalism when talking about their financial situation. They would be most comfortable speaking with someone who is knowledgeable on financial topics.



65% would prefer to speak to an external expert, while  
60% preferred a finance partner or manager.

## The best time to engage employees on financial discussions



# SUPERANNUATION AND RETIREMENT: PROTECTING FUTURE FINANCIAL SECURITY ADDS VALUE NOW

More than **1 in 3** respondents are not confident, or only slightly confident, that they will have enough in their superannuation to retire when they want to.

This uncertainty about the future is on top of the daily stress and pressure we know that staff face. The opportunity for employers to provide access to more financial information will add value beyond helping them to secure their future, and it could strengthen engagement and productivity.

**Although 75% of respondents know which superannuation fund they are with, 38% say they are not engaged with their super fund. This is especially true of teachers in their first job, who indicate they entered the superannuation process without fully understanding their options in choosing a superannuation provider.**

This lack of engagement is reflected in the limited understanding of how much money in super is actually needed to retire.

**22%**

don't know how much money they will need to fund their retirement.

**27%**

believe they will need **\$1 million+** to retire.

## Opening the door to financial advice opens the door to better financial wellbeing

Nearly **2 out of 3** respondents are not aware that they can access both free and paid financial advice from their superannuation fund. However, **56%** of them say they are likely or extremely-likely to use financial advice from their superannuation fund, if available. Among those who are aware, there is also a low uptake of this service — more than **50%** have not accessed the financial advice.

### Financial advice sources

**33%**

Limited advice through a super specialist

**30%**

General advice through the helpline

**30%**

Personal advice through a licenced financial planner

There is a clear gap between workers' awareness and knowledge of how to improve their financial wellbeing and their appetite to do so. This gap can be closed by employers. The opportunity for employers to act as a trusted conduit to information, tools, and education is huge. It can deliver value for both employees and employers, making it a win-win situation that remains untapped in many workplaces.

# NGS SUPER CAN HELP



NGS Super can help your staff become more involved and engaged in choosing their super fund. This will help to support their financial security and make them feel at ease and more productive at work.

We have the in-depth knowledge and expertise to help your staff understand superannuation and its role in their future financial security and retirement. We can be your program partner offering access to Super Specialists, Financial Planners, webinars and educational tools and resources.

If you're interested in finding out about the services, programs and support NGS Super can offer you and your staff, call us on **1300 133 177** to talk to a **Super Specialist** or visit:

**[ngssuper.com.au/employers](https://ngssuper.com.au/employers)**



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