

Responding to Workers' Financial Crises

Employers and EAPs can help workers address the symptoms and underlying causes of economic stress by adopting a “financial triage” approach that incorporates a money coach.

by Deborah Price

With more and more people losing their homes to foreclosure and filing for bankruptcy each day, the current financial crisis is creating a ripple effect that is affecting all facets of society. If the economy continues to weaken, as many analysts believe it will, the combined number of foreclosure and bankruptcy filings may exceed 3.5 million by the end of 2008. This means roughly one in every 50 families will be profoundly affected, which is staggering to consider.

The “silent epidemic” of money problems is costing businesses \$15,000 per year per affected employee. Facing financial uncertainty, burdened with debt, and besieged by bill collectors, employees are bringing their financial worries to work at great cost to their productivity. Without proper attention to and management of these issues, corporate performance and profitability will suffer.

THE IMPACT OF FINANCIAL STRESS

Coping with money issues, both practically and psychologically, is a major life struggle for millions of people even in good financial times. Individuals often

have unconscious beliefs related to money that govern their choices, patterns, and day-to-day management of money issues.

Most of the money beliefs that people maintain and practice are deeply entrenched and have been passed down from one family generation to the next. Some of them conflict with others; many are not apparent to us. The list of such beliefs includes the following:

- Money is power.
- Money doesn't buy happiness.
- I'm not good at math, so I'm not good with money.
- It's not nice to talk about money.
- The more money you have, the bigger the problems you have.
- My mother and father were bad with money, so I'm bad with money.
- I don't deserve money.

Money remains a mostly taboo subject for many people and can trigger an array of emotions, such as shame, fear, guilt, and anxiety. Consequently, people often develop avoidance strategies as a means of coping with their feelings about money until they “hit bottom” financially and are forced to confront their emotions.

Another factor that makes it difficult to address money issues is a lack of training and education about money, both at home and at school. Much of what we learn about money management is through osmosis from friends and family and is, more often than not, inherently flawed.

Employers and EA professionals need to be aware of these underlying beliefs and emotions and recognize what causes them. More importantly, they need to understand that money is a core

survival issue. When people are fearful and anxious about money and their personal finances, they frequently are too overwhelmed and stressed to be focused and mentally “present” at work. Prolonged financial pressures can lead to increased problems with spouses and higher incidences of alcohol and drug abuse, depression, despair, and suicide.

According to the Center for Financial Social Work, money issues are the greatest stressor in peoples' lives and the leading cause of divorce. They are a major source of anxiety and insomnia, a primary reason for abuse and violence, and a trigger for alcohol and drug abuse. They frequently are accompanied by feelings of hopelessness, shame, isolation, and vulnerability and can cause people to become distracted, angry, and irritable.

Over time, people who are burdened by debt become less reliable, patient, and productive. As stressors increase, workers are more prone to making mistakes, causing or becoming involved in accidents, lying, and arguing. Their state of mind can increase their susceptibility to steal, take bribes, or misappropriate funds.

Employers who believe their employees' financial issues are not their problem should consider these findings from various studies of how financial stress affects individuals:

- Productivity may decrease (by as much as 20 hours per month per employee¹)
- Accidents may increase (60 percent to 80 percent of on-the-job accidents are related to stress^{2,3})
- Health issues may arise, prompting greater need for medical attention



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(between 75 percent and 90 percent of all visits to doctors are stress related^{4,5})

- More employees may leave their jobs (40 percent of employee turnover is due to stress³)
- Human Resources Departments will become busier (attending to money-related distractions can account for as much as 10 percent of departmental budgets⁶)

Recently, Value Options Inc., the nation's fourth-largest provider of behavioral health and wellness services, reported an 89 percent rise in calls related to home foreclosures, bankruptcies, and other financial hardships since 2007. Most EAP providers, unfortunately, do not have professional staff who are trained to identify and address underlying money issues. Financial advisors and debt counselors, on the other hand, are not prepared to handle people undergoing serious emotional and financial crises.

IMPLEMENTING A NEW FINANCIAL MODEL

To cope with their financial difficulties, many employees seek to take more time off or covertly attempt to manage their problems while at work. Clearly, there is a pressing need for a new model to help workers and employers manage the current financial environment. One approach is a "financial triage" model that uses a "money coach" to help bridge the gap between financial and mental health issues.

The roles and responsibilities of a money coach are to serve as an intermediary and coach advocate on behalf of an individual, assess the client's "money type" and profile his/her needs (both personal and financial), and coach the client through the best available options. Once the initial assessment and action plan are established, clients are triaged to appropriate resources for additional help, including mental health professionals, financial advisors, debt counselors, and attorneys, all of whom play very valuable roles.

The money coach must have a deep understanding of underlying money issues and possess both the emotional

and financial literacy skills necessary to help clients move beyond their money issues, patterns, and behaviors. For example, money coaches must be trained to recognize the psychological and emotional patterns that influence clients' beliefs and behaviors. They must also be trained to assess practical financial issues and be able to coach clients to determine the most appropriate strategies and options for making meaningful change. Many money coaches are also trained life coaches, therapists, and/or social workers, but to become money coaches they must develop these and other skill sets.

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Money coaches also need to be available to provide ongoing support to clients as needed and to confer with the other professionals on the "triage team." Many employees have difficulty articulating their money issues and needs when they are financially overwhelmed and emotionally distressed, and a money coach can help deepen their financial knowledge and provide them with specific strategies for making clear and appropriate financial decisions.

Employers, meanwhile, can begin to take six proactive measures to limit the impact of financial distress on the workplace:

1. Recognize that your employees' personal financial issues are detrimental to their professional well-being and can pose a real risk to the company's productivity and profitability.
2. Understand that your health insurance providers, EAP team members, and financial advisors (such as retirement plan administrators) do not have the specific expertise and skills to help financially stressed employees resolve the many issues influencing

their ability to function at work.

3. Build a culture that provides and supports financial education programs.
4. Understand that financial education and coaching contribute to and increase the company's bottom line and enhance employees' lives.
5. Provide new training programs and incentives for EAP providers to create a more integrative and holistic "financial triage" model that more adequately addresses the needs of employees in financial crisis.
6. Provide resources to employees that can help them identify and change their money patterns, beliefs, and behaviors. They will be happier, more productive and more financially secure, which will allow them to be more focused and engaged in the workplace.

One by one, the millions of workers affected by the financial crisis will need the help and support of their employers to overcome their difficulties. People seldom forget those who help them in their time of need. Employers who respond to their employees will be rewarded with loyalty, gratitude, and improved productivity that will pay dividends for years to come. With foresight, commitment, and a new approach to addressing financial issues, employers and EAPs can help make companies and their workers prosperous and whole again. ■

Notes

- 1 Garman, E.T. 2004. The Importance of Workplace Financial Education to Employers. *The American Express Guide to Workplace Financial Education and Advice*. New York: American Express Financial Advisors, Inc.
- 2 Herman, R., and J. Gioia. 2003. Workplace Accidents May Increase in 2004. *The Herman Trend Alert*, May 7.
- 3 Job Stress. Yonkers, N.Y.: American Institute of Stress.
- 4 Alcohol and Other Drugs in the Workplace. Jackson, Miss.: National Council on Alcoholism and Drug Dependence of the Central Mississippi Area.
- 5 Smith, Sandy. 2002. High Stress Linked to Spiraling Health Care Costs. *EHS Today*. 16 July.
- 6 Based on informal discussion by the author with numerous human resources professionals.