

How financial
stress affects your
employees' health —
and what your
organization can
do about it



Mass General Brigham
Health Plan



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INTRODUCTION

Why financial health matters to your organization

Financial wellness goes beyond pay and retirement. It's the ability to manage a budget, maintain emergency savings, reduce debt, use credit wisely, and plan for long-term goals. When these are in balance, employees feel more secure, confident, and in control.

So, can focusing on financial health improve your employees' physical and mental wellness? Yes—and this understanding can help you build a stronger, more engaged workforce.

Financial well-being is one of the most powerful, yet often overlooked, drivers of employee health and performance. Employees today juggle not only daily work tasks but also long-term financial goals, including retirement preparedness. Financial stress can touch every part of their lives—from how they feel physically to their mental focus and emotional strength.

This eBook is designed to help employers:

- Understand the profound impact financial stress has on their workforce
- Learn why supporting financial wellness is an essential part of employee health strategy
- Discover actionable ways to support employees' financial and mental well-being

By the end, you'll be equipped with data-backed insights and practical ideas to build a healthier, more engaged, and resilient workforce—strengthening your organization for the long term.



CHAPTER 1

The impact of poor financial health on employees

Financial stress is more than a personal challenge—it's a workplace issue with real, measurable effects.

The financial stress cycle: Worry to workplace impact

Financial worries may cause anxiety and chronic stress, which can affect mental and physical health, leading to absenteeism, presenteeism, and reduced productivity. This sequence impacts your entire organization.

The flow looks like this:



The evidence on financial stress and health

- A 2023 Bankrate survey found that money is a significant cause of stress for most Americans. Fifty-two percent say it negatively affects their mental health. Among them, 82% report symptoms including stress, anxiety, loss of sleep, and depression caused by economic factors. 56% worry about finances weekly, while 29% worry daily.¹
- The physical impact of stress is broad. The American Psychological Association explains stress affects all body systems, including musculoskeletal, respiratory, cardiovascular, endocrine, gastrointestinal, nervous, and reproductive systems.² Stress-related effects include:
 - » Chronic muscle tension causing migraines and other disorders
 - » Increased risk of hypertension, heart attacks, strokes, and heart failure³
 - » Fertility issues and reproductive diseases
 - » Respiratory symptoms such as shortness of breath and rapid breathing
 - » Elevated glucocorticoids disrupting brain-immune communication, contributing to physical and mental health conditions
- A 2022 study found financial worries are significantly associated with psychological distress, especially among unmarried, unemployed, low-income individuals, and non-homeowners.⁴ Another 2021 study confirmed that financial difficulties predict increased depression, stress, and anxiety. Economic downturns exacerbate depressive symptoms.⁵



Workplace consequences of financial stress

Financial worries don't just hurt health—they reduce workplace effectiveness. According to SoFi's 2024 *The Future of Workplace Financial Well-Being*, one in three employees say financial issues impact their ability to focus at work. Nearly 25% say stress reduces their productivity and confidence on the job.⁶

Financial stress drives:

- » Burnout and emotional exhaustion
- » Increased absenteeism and presenteeism (working while distracted or unwell)
- » Job dissatisfaction and high turnover

Replacing employees is costly. PeopleKeep reports the average cost to replace an employee ranges from 1–2 times their annual salary. For hourly workers, replacement costs average \$1,500; for technical roles, 100–150% of salary; and for C-suite roles, up to 213%.⁷

"For most people, there's no stress or anxiety like financial burden. And conversations about retirement planning can trigger a whole host of financial wellness topics—whether it's household budget, emergency funds, debt, credit cards, savings, etc. This can be overwhelming.

So many people get wrapped up in some of the details that they can't pull back and look at the big picture. I've found that when you know how to get advice and how to make decisions, it relieves an enormous amount of worry and tension."

—Jon Tudor, CFPTM, Workplace Financial Consultant, Personal and Workplace Investing for Fidelity

To read the full interview with Jon Tudor, [click here](#).

CHAPTER 2

How supporting financial wellness benefits your organization

Supporting financial wellness is vital; it's a strategic advantage that boosts productivity, morale, and retention.

Financial health drives physical wellness

Clinical Interventions in Aging (2022) found that individuals who have a clear and attainable retirement plan experience fewer stress-related illnesses and are more likely to engage in proactive health behaviors such as regular checkups, preventive care, and exercise.⁸

Similarly, older adults who fulfill their retirement plans report better physical functioning and lower illness rates, according to Current Psychology (2024).⁹

From your organization's perspective, healthier employees mean fewer sick days, lower insurance premiums, and increased productivity.



Older adults who fulfill their retirement plans report better physical functioning and lower illness rates



Retirement planning that includes financial, health, and social considerations leads to better mental health outcomes

Financial wellness improves mental health and focus

Financial stress is a major source of anxiety, stress, and depression for employees at every career stage. Studies of Applied Economics (2021) showed that financial difficulties increase risks for depression and anxiety.¹⁰ The AARP's 2022 survey also found that contemplating retirement without a clear plan often triggers stress, regardless of age.¹¹

Conversely, employees with a retirement roadmap report greater mental well-being, life satisfaction, and purpose. Current Psychology (2023) found that retirement planning that includes financial, health, and social considerations leads to better mental health outcomes.¹²

This mental clarity translates into workplace benefits. Less distracted employees demonstrate better focus, motivation, and emotional resilience. These qualities contribute to stronger team dynamics and greater engagement.

Mental health support through your health plan

Besides retirement and savings benefits, many employers can leverage existing mental health and wellness programs through their health insurance plans. These programs often include behavioral health support, counseling, and digital wellness portals.

Employers can encourage utilization of these resources as part of a holistic approach to employee well-being, addressing both financial and mental health needs.









CHAPTER 3

What you can do to improve financial wellness at work

Supporting your employees' financial health doesn't have to be complicated or costly. There are practical steps you can take to create a culture of financial well-being and help your workforce thrive.

Provide financial wellness education and resources

Education is a powerful tool. Many employees feel overwhelmed or unsure about managing finances, retirement, and budgeting. You can help by organizing workshops or sharing educational content on topics such as:

-  Budgeting and expense management
-  Debt reduction and credit health
-  Basics of retirement savings and investing
-  Emergency funds and insurance planning
-  Understanding taxes and benefits
-  Building wealth and passive income

Even a single seminar or webinar can reduce anxiety and build confidence.

Free resources you can share include:

- **Foundation for Financial Planning:** Offers no-cost financial education resources.
- **NerdWallet:** Provides accessible articles and tools on budgeting and saving.
- **Budgeting apps** like Mint or Quicken Simplifi help users track spending and goals.
- **AARP retirement planning tools:** Calculators, checklists, and Social Security guidance.
- **Fidelity Retirement Score:** Personalized tools to assess retirement readiness.
- **U.S. Department of Labor's Retirement Toolkit:** Covers Social Security, Medicare, and savings.

Including these in your internal communications or employee portal can empower your team with trustworthy, actionable information.

"Knowing that the financial planning for retirement part of your life is taken care of lets you focus on other things. I've found that when your financial life is in order, when your bills are being paid, when you know you're saving, doing the things you need to be successful down the road, it's a massive weight off your shoulders."

—Jon Tudor, CFPTM, Workplace Financial Consultant, Personal and Workplace Investing for Fidelity

To read the full interview with Jon Tudor, [click here](#).

Offer accessible retirement savings options

While not all organizations can offer matching contributions or pensions, many can still provide retirement savings vehicles such as 401(k) plans or SIMPLE IRAs. Automatic enrollment features encourage participation from day one.

Make sure your employees understand how to use these benefits by:

- Walking them through your benefits platform
- Providing clear, jargon-free guides and FAQs
- Encouraging regular “retirement checkups” to review savings goals and adjust contributions

Tailor support to different generations and career stages

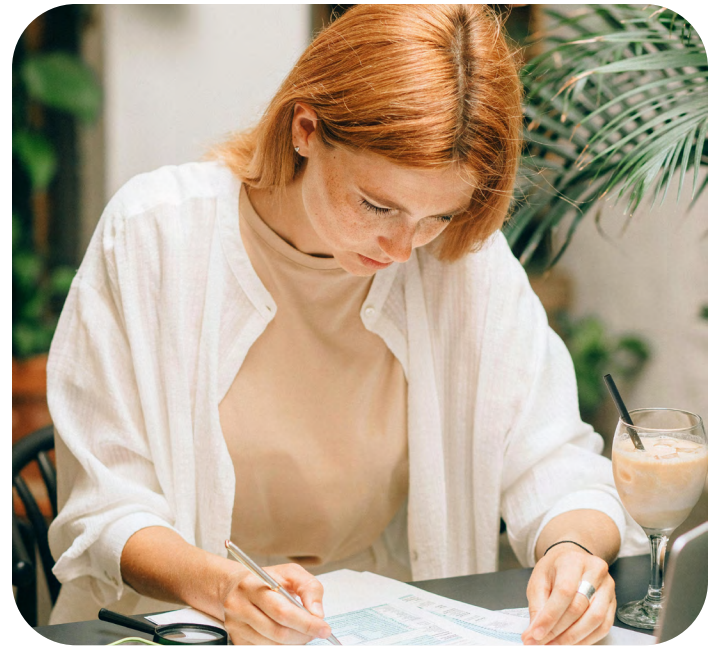
Employees have varied financial needs depending on their life stage. Early-career workers may benefit most from budgeting and debt management support, while mid-career employees might need guidance on maximizing retirement savings. Near-retirement employees often require help with healthcare planning and phased retirement options.

Partnering with a retirement planning firm or human resources consultancy can help you tailor your programs accordingly.

Promote mental health and wellness resources

Financial stress often manifests as anxiety or depression. Encourage your workforce to take advantage of behavioral health benefits through your health insurance, such as Employee Assistance Programs (EAPs), counseling services, or digital mental health platforms like Lyra Health.

Normalize conversations around mental health to reduce stigma and make support accessible.



Encourage regular financial checkups

Just like physical health, financial health benefits from regular reviews. Encourage employees to:

- Monitor their retirement savings and investment performance
- Adjust their plans as their needs change
- Plan for healthcare expenses in retirement, including Medicare options

You can facilitate this by scheduling annual financial wellness days, sending reminders, or providing easy-to-use online tools.

Foster a culture of openness and support

The most impactful financial wellness programs meet employees where they are. Encourage open dialogue about financial challenges and successes, celebrate milestones, and recognize the importance of financial health as part of overall well-being.

“Financial wellness isn’t just saving for retirement. In fact, it’s a lot like whole body wellness. It’s not just going to the gym and being in shape, but also taking the time to meditate, take care of your brain, your spirit, and your mental health as well as your body. Like wellness, you want to maximize the good stuff and minimize the bad stuff. And I think it’s the same with financial planning and financial wellness.”

— Jon Tudor, CFPTM, Workplace Financial Consultant, Personal and Workplace Investing for Fidelity

To read the full interview with Jon Tudor, [click here](#).



Next steps and resources

Ensuring employees have the right tools and education to plan for retirement and manage finances strengthens your organization's culture and resilience.

Here are five immediate actions you can take:



Start the conversation early

Include financial wellness topics in onboarding and hold regular workshops.



Encourage regular financial checkups

Help employees track progress and adjust plans annually.



Offer retirement savings options

Provide accessible plans with clear guidance and encourage participation.



Highlight healthcare planning


Educate employees on saving for medical costs in retirement and navigating Medicare.



Provide access to financial education

Share free tools, apps, and expert-led seminars, including:

- » [Budgeting apps](#)
- » [Foundation for Financial Planning](#) resources
- » [Nerd Wallet](#) article



CONCLUSION

Empowering employees, strengthening organizations

The evidence is clear: financial stress undermines employee health and workplace performance. But supporting financial wellness can reverse this trend—improving physical health, mental resilience, and engagement.

When your employees engage in financial wellness, especially retirement, they are better able to focus, perform, and contribute at work. This leads to fewer sick days, lower turnover, and a stronger, more loyal workforce.

For employers, investing in financial wellness isn't just a benefit—it's a strategic priority that boosts organizational success.

1. [Bankrate, "Financial Stress and Mental Health," 2023.](#)
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4. [Journal of Occupational Health Psychology, "Financial Worries and Psychological Distress," 2022.](#)
5. [Studies of Applied Economics, "Financial Hardship and Mental Health," 2021.](#)
6. [SoFi, "The Future of Workplace Financial Well-Being," 2023.](#)
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8. [Clinical Interventions in Aging, "Retirement Planning and Physical Health," 2022.](#)
9. [Current Psychology, "Retirement Fulfillment and Health," 2024.](#)
10. [Studies of Applied Economics, "Financial Difficulty and Depression," 2021.](#)
11. [AARP, "Planning for a Successful Retirement," 2022.](#)
12. [Current Psychology, "How older adults fulfill their retirement plans relates to positive mental health: a path model analysis of social activity and self-esteem," 2023](#)



If you'd like to learn more about Mass General Brigham Health Plan, reach out to your broker or benefits advisor or follow us on social media @MGBHealthPlan.



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