

# An employer's guide to the **cost of living crisis**

# The three biggest things keeping people awake at night



52%

Rising cost of living



32%

Rising fuel costs

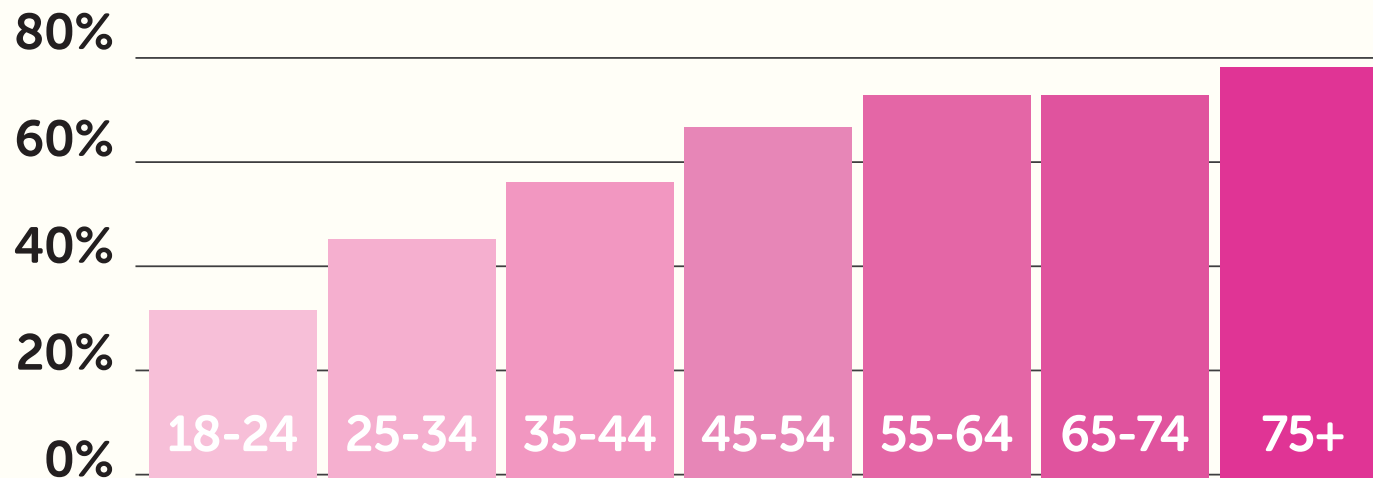


59%

Rising utility bills

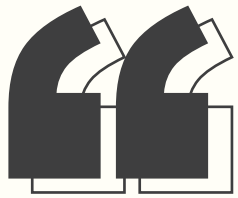
Despite Government support, people are really concerned about rising costs. With inflation still rising and the energy price cap expected to rise again in October, employees are going to struggle but those on fixed incomes, like retirees, are going to feel the most pain.

# Concern about utility bills rises with age

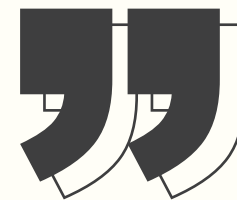


Rising utility bills are a concern for everyone but in particular older people who are more likely to be on a fixed income. For those still working, they're looking to their employers for support.

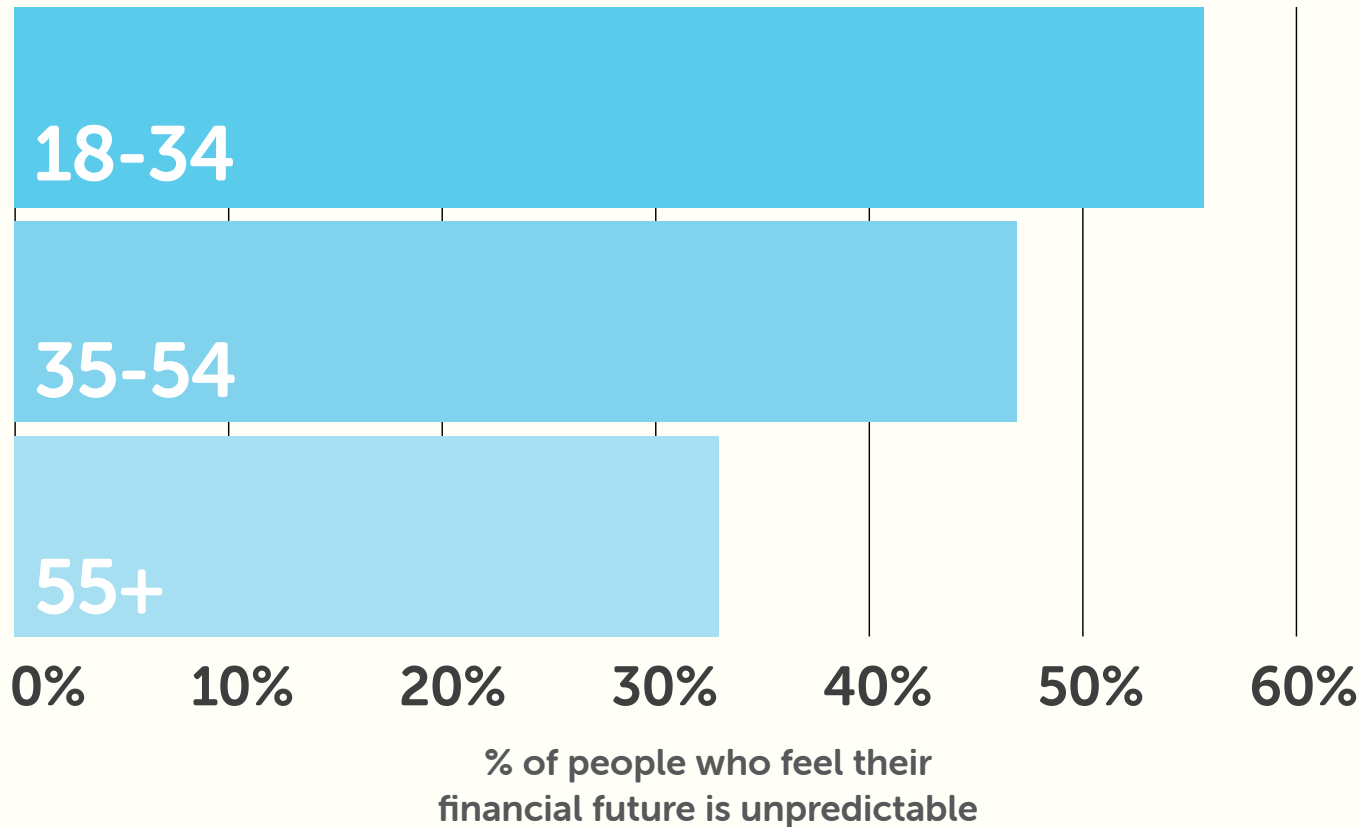
people  
aged 55  
and over  
are worried



This research shows that people, across the board, are looking to cut everyday living costs, including food. Some will just be reducing previously high discretionary spending on luxury foods, but now it seems that Pensioners, disabled people and even families with young children, including working households who generally are already cost-conscious, may now be cutting back on essential basic foods or other goods. This is really worrying.

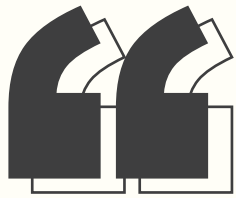


# How do people feel about the future?

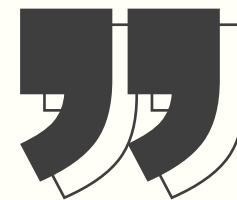


Younger people are more anxious about the future – more than 1 in 2 under 35 year olds are unsure about the next six months.

On average,  
**44%**  
of people  
can't be  
sure about  
the next  
six months



I'm not surprised that younger people have a gloomier outlook but there is hope and employers can help. Younger people especially, will still be recovering from the financial woes of the pandemic and so are already not in a great position to deal with the cost of living crisis we're all facing. As a result, in order to retain younger employees, employers need to be mindful of the current situation and find ways to support them.



# What is this doing to people's mental health?



**3 in 5**  
employees agree  
that money worries  
affect performance



**1 in 3**

employees agree  
that money worries  
affect mental health

**1 in 2**  
people now  
feel anxious  
about their  
finances



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Compounded by the pandemic and the cost-of-living crisis, the huge negative impact financial stress is having on your employees cannot be ignored any longer. Across ten years of research, I have never been more worried about the lack of workplace financial wellbeing programmes in place, and the long-term effects this will have on employees. This research highlights just how concerned almost every employee is with their lack of savings, and how this vulnerability is affecting their mental health. Robust and effective financial wellbeing programmes are now critical to any wellbeing strategy.

*Gethin Nadin,  
Chief Innovation Officer*

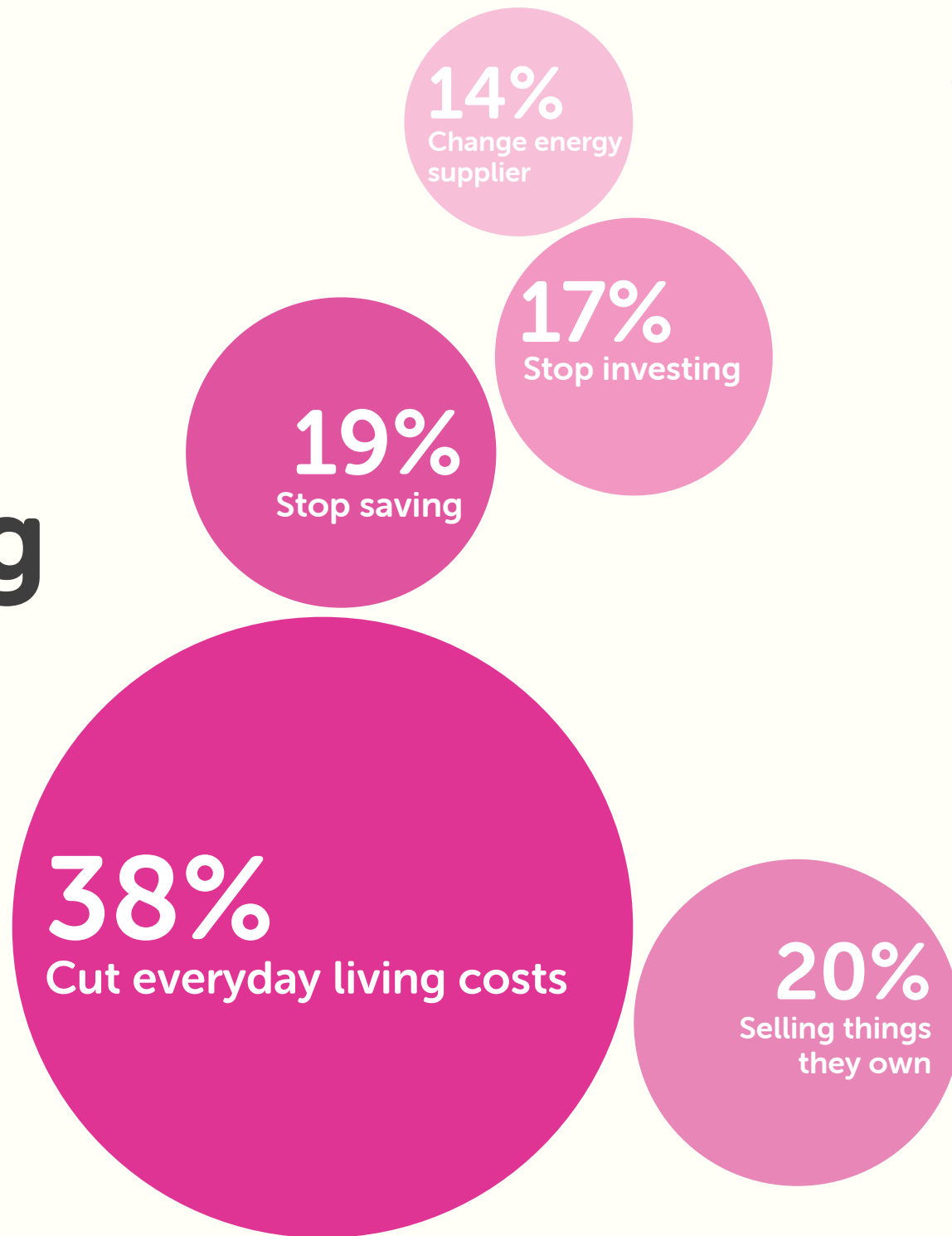


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A Zellis Company

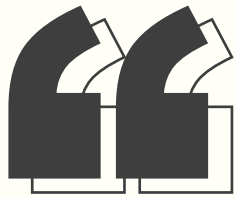


What are  
the top

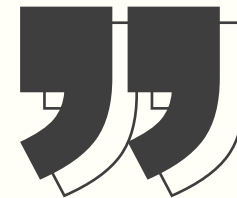
**5** things  
people are  
considering  
doing to  
help cope?





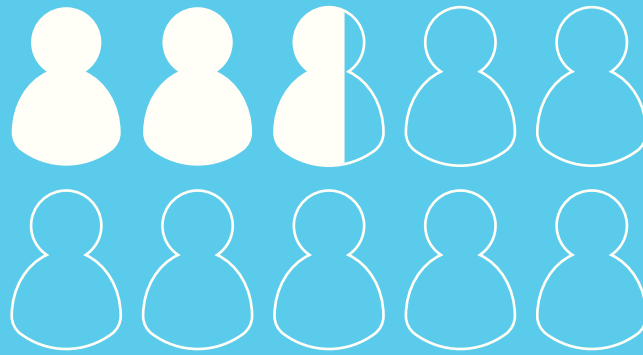


The impact of such a massive increase in energy prices is like a heart attack on a family budget. The lowest income households, including millions of our older people, are likely to feel the effects the most. This would mean the number of pensioners in poverty rising significantly beyond the two million reported in 2019, one million of whom were already in extreme fuel poverty.



# Are people seeing light at the end of the tunnel?

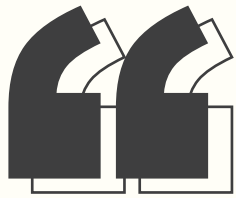
\*people were asked about how they feel about the next six months



Fewer than  
**3 in 10**  
people feel  
positive about  
their financial  
future\*

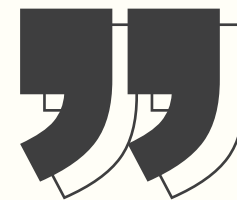
More than  
**4 in 10**  
people feel  
their financial  
future is  
unpredictable\*





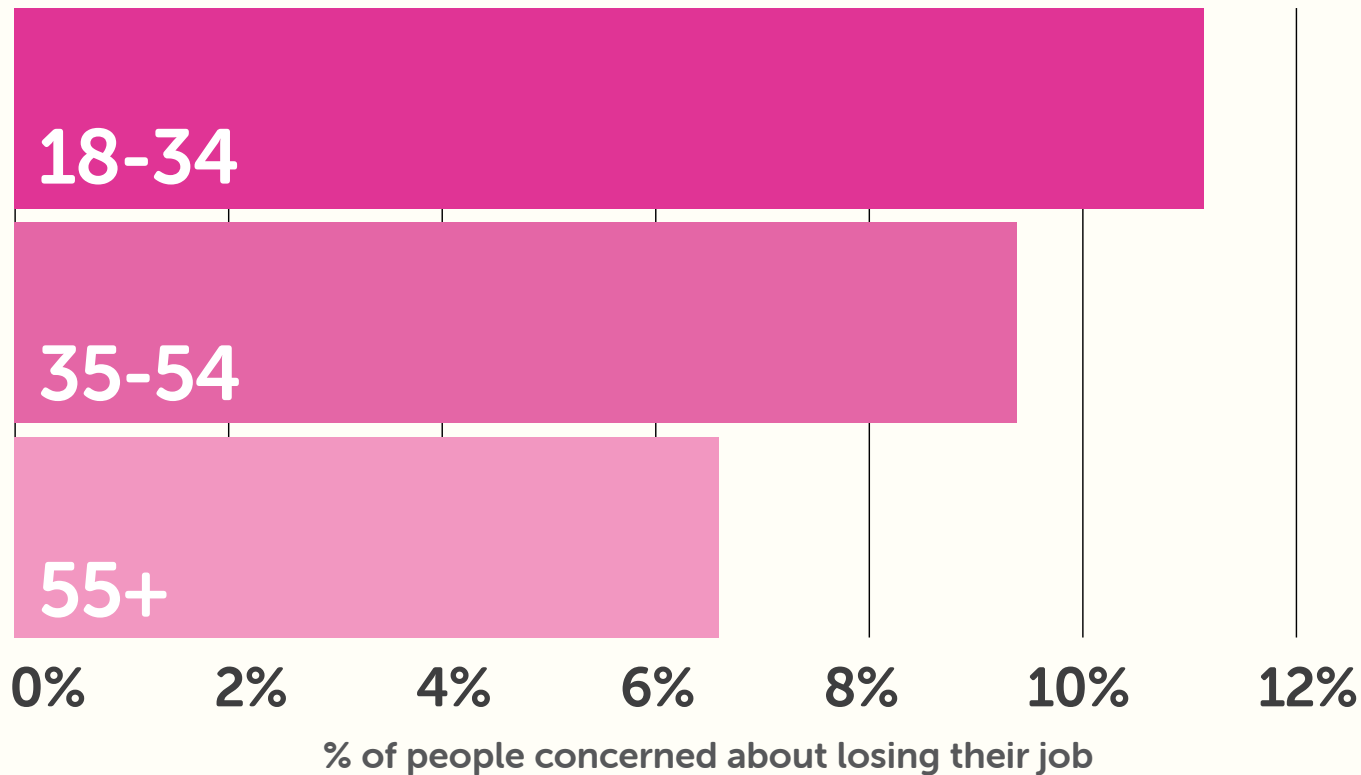
It's critical that we start getting people feeling more positive about their financial future. It's understandable that people are feeling insecure, but good financial education can get people taking better control of their finances and feeling more positive about the future.

Not surprisingly, our Financial Resilience webinar, delivered through the workplace is the most popular at the moment. The workplace is a great place to get people engaged with everything money.



**Better with**  
**MONEY**

# With increased financial uncertainty, are people worried about losing their job?

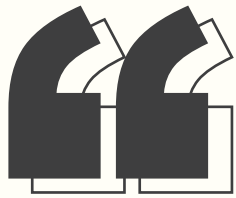


With job vacancies outpacing unemployment for the first time since records began, employers need to support employees during the cost of living crisis if they are going to retain and attract skills.

UK unemployment fell to its lowest level in nearly 50 years

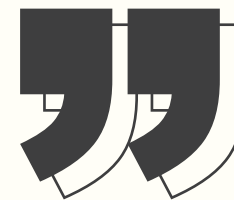
Office for National Statistics May 2022

Only  
**6%**  
of people  
concerned  
about losing  
their job



Despite the concern about rising costs, people aren't worried about losing their job and this probably has to do with the fact that job vacancies outnumber those out of work for the first time since records began.

If employers want to keep hold of skills and experience during these challenging times, they need to make sure they are providing appropriate support to employees and that's not just about money.



UNIVERSITY OF  
LINCOLN

*Ian Hodson, Head of Reward/Deputy Director of HR, University of Lincoln*

# What can employers do?

Salary Exchange



Workplace Savings



Pension Redirect



Financial Education



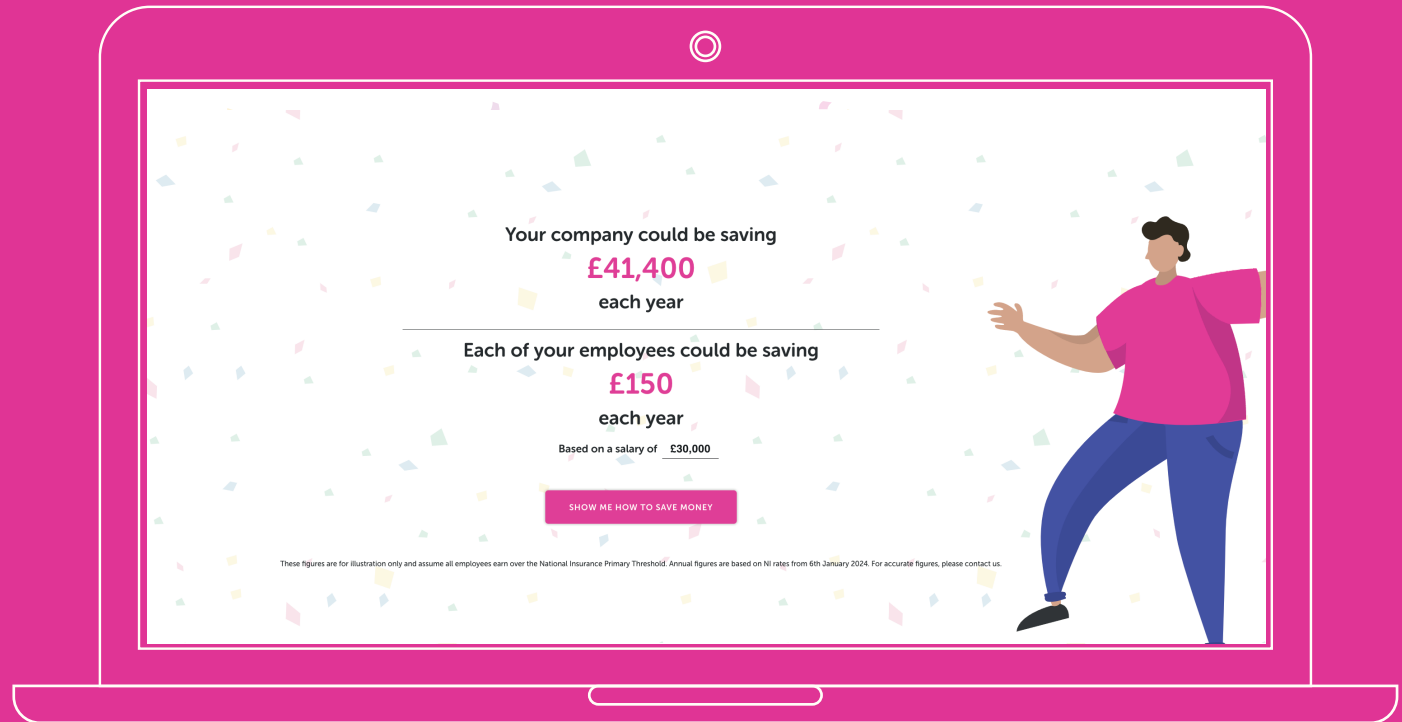


# Salary Exchange

**Give employees some extra money in their pay packet**

Pension salary exchange (aka salary sacrifice) is an easy and quick way to give some extra money to employees whilst also saving the business some money.

Take a look at our recent whitepaper to find out more.



## Illustration of what a company and each of its employees could be saving

Based on 200 employees, earning on average £30k a year and the employer contributing 3% of salary and the employees contributing 5% of salary.



# Workplace Savings

## It's not just about pensions.

A nice pension pot that can only be accessed from age 55 is not going to help younger employees with their more immediate financial needs but giving them the option to save into accessible savings through pay.

PageGroup

Case Study

cushon

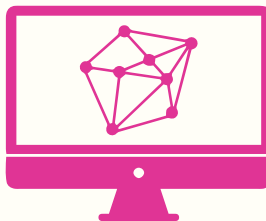
## About



PageGroup provides permanent, contract and temporary recruitment for clerical professionals, qualified professionals and executives across various disciplines.



PageGroup is one of the four operational brands within PageGroup. The company operates in 36 countries globally and is a constituent of the FTSE 250 Index.



Dynamic team of more than 8,500 employees, with teams broken down to focus on industry, assignment type, salary level and location.



PageGroup is committed to the wellbeing, including financial wellbeing, of its employee base.



# The Challenge

At PageGroup, the pandemic triggered a priority conversation about how voluntary benefits continue supporting the workforce with the new impacts being faced. Given the circumstances, PageGroup looked at adjusting, enhancing and better communicating the current offering to suit varying employee lifestyles and situations.

# The Outcome

Three objectives were decided upon based on situational factors, employee values and internal goals: flexibility, sustainability and engagement.

The Cushon workplace savings benefit achieved each of these with a low minimum required for monthly payments, ethical investment options for ISAs and an ESG shareholder voting feature along with an accessible mobile app.



# Pension Redirect

**Getting a balance between now and the future.**

A growing number of employers are allowing employees to redirect some of their pension contributions into workplace savings so they can be saving for their retirement and events that happen before. It helps employees build financial resilience.

“

As a provider, we recognise that one size doesn't fit all when it comes to employee benefits. To retain the best people, it's crucial to offer flexibility in day-to-day working and over the course of careers, and so it makes total sense that we extend this principle across employee benefit offerings and specifically an approach to workplace savings.

The financial needs of our people are diverse and so we need to empower them to structure their workplace savings to suit their own personal needs.

Pension Redirect allows employees to move some of their pension contributions (over and above auto enrolment minimums) into a range of workplace ISAs that can help them save for different events other than retirement. It's a great way for employers to help employees become more financially resilient which has become a major focus in light of the cost of living crisis.

Employees want this type of flexibility and we believe that as it requires an employee to make an active choice, they will in turn be more engaged with their pension; their pension is now being positioned in the context of their wider financial needs rather than focused on a single event.

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# Financial Education

Financial education in the workplace is the cornerstone to helping employees become more financially resilient which in turn helps them weather the cost of living storm.

Better with  
**MONEY**



Case  
Study



Fenner Group, part of The Michelin Group, is a large manufacturing business with sites world-wide, including four in the UK. Much of the company's workforce consists of manufacturing shift-based workers, earning around the UK's average salary.

## What did Better with Money do?

In a recent financial wellbeing roadshow at the UK sites, Better With Money trainers helped staff to understand how they could make small changes to their finances to save money to help cover their increasing bills. Employees found out about the benefits available from Fenner that support their financial wellbeing, such as pension salary sacrifice, life assurance and income protection benefits and employee discounts, as well as free services available to cut the cost of their utility bills, food and petrol. Monthly and annual budget planners and food planners were provided to help them on their money saving mission.

## How well did it work?

100%

of employees said they understood more about the benefits on offer to them after attending the workshop.

Over  
90%

planned to take some action following the workshops.

# Some closing remarks

“

Pensions are a brilliant way to save for retirement and a valuable employee benefit. But they're also a secret weapon that can be used against the rising cost of living. The name of the weapon? Salary sacrifice.

*Ruth Emery, Award winning journalist and editor*

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“

It's not obvious that pensions can help employees with the rising cost of living but they can – it just needs some out of the box thinking. Initiatives like pension redirect and salary sacrifice can really help employees become more financially resilient.

*Steve Watson, Director of Policy and Research, Cushon*

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“

Both the pandemic and the current cost of living crisis show that workplace savings can't be just about pensions. A nice pension pot that can only be accessed from age 55 is not going to help employees with shorter term financial needs – giving them the option to save into accessible savings through pay can.

*Ian Hodson, Head of Reward/Deputy Director of HR, University of Lincoln*

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# About cushon



Cushon is a fintech workplace savings business, using its world-leading financial technology to bring innovation to workplace savings and pensions to help people get comfortable with saving and investing.

Founded in 2017, Cushon focusses on helping larger UK employers who are looking to improve the financial wellbeing of their employees, by providing them with a simple and convenient way to save from as little as £10 per month, direct from pay.

Cushon currently has over 440,000 customers with £1.7bn of assets under management. Its corporate clients include 250 well known blue-chip companies including many of the FTSE 100, plus over 7,500 smaller employers across the UK.

# About the research



Except where stated differently,  
this paper is based on results  
of research conducted by  
Opinium Research.

## Research Overview

**FIELD DATES:** 29/03/2022 – 01-04-2022

**SAMPLE:** 2000 UK adults

**WEIGHTING:** Weighted to nationally representative data

To find out more about workplace savings, get in touch or visit our website [hello@cushon.co.uk](mailto:hello@cushon.co.uk) | [www.cushon.co.uk](http://www.cushon.co.uk)

**The value of investments can go down as well as up. Cushon do not provide financial advice.**

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