

Helping your employees with financial wellness

Financial Wellness is becoming an increasing focus for workers. As many businesses face an uncertain economic outlook due to COVID-19, many workers are also finding themselves dealing with financial challenges. In an environment of such uncertainty, understanding what it means to be "financially well" is important for both employers and employees.

A robust definition and a reliable measurement framework are essential to understanding financial wellness. To explore financial wellness globally, we conducted a survey that asked detailed questions to working people in the United Kingdom, Germany, Japan, China, Hong Kong and Canada.

This research covers the four key domains of budgeting, debt, savings and protection. It enabled us to develop the Fidelity Financial Wellness Score and build a picture of financial wellness in these regions.



Discover the Financial Wellness Tool



In addition to a detailed understanding of financial wellness in each region, workers in the UK can find out their personal financial wellness score.

[Click to explore the tool](#)

Fidelity's Financial Wellness Score

Based on the survey data and our proprietary methodology, our analysis assigned each region surveyed a readiness score from zero to 100 - the Fidelity Financial Wellness Score. The score is the sum of objective and subjective components across all four domains – budgeting, debt, savings and protection. Zero represents extreme financial distress and 100 indicates the maximum level of financial wellness.

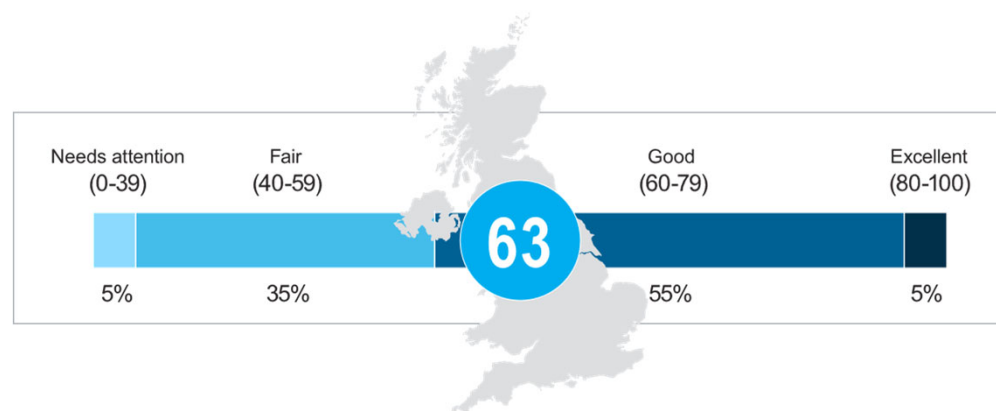
The Financial Wellness Score is an objective measure that is unique to the Fidelity Financial Wellness Survey. You can read more about the score methodology and regional comparisons in the [Fidelity Global Financial Wellness Report](#).

	Objective		Subjective		Totals
Budgeting	17.5%	+	7.5%	=	25%
Debt	17.5%	+	7.5%	=	25%
Savings	17.5%	+	7.5%	=	25%
Protection	17.5%	+	7.5%	=	25%
Financial Wellness Score	70%	+	30%	=	100%

This article is designed for our corporate clients. The information does not constitute investment advice and should not be used as the basis for any investment decision, nor should it be treated as a personal recommendation.

Financial Wellness in the UK

The score provides an overview of financial wellness and offers an opportunity to view how readiness varies across groups in the UK and other regions. The overall score in the UK is 63 but results vary by generation and across the four domains.



UK Financial Wellness median domain scores by generation

	Total	Budgeting	Debt	Savings	Protection
All Ages	63	16	19	16	12
Younger Workers Aged 20-38	64	16	19	18	11
Middle-Aged Workers Aged 39-54	61	15	19	15	12
Older Workers Aged 55+	67	16	21	15	15

Source: Fidelity Global Financial Wellness Survey 2020. All Financial Wellness Scores are median scores. The sum of all four domains yields a total score that can range from 0 to 100, where 0 represents extreme financial distress and 100 indicates the maximum level of financial wellness. The total score is categorised into one of four discrete levels of financial wellness: Excellent (80-100), Good (60-79), Fair (40-59) and Needs Attention (0-39). Domain scores are categorised as follows and each has a maximum score of 25: Excellent (20-25), Good (15-19), Fair (10-14) and Needs Attention (0-9).

Objective vs subjective Financial Wellness in the UK

There is a clear need for education to help people understand financial wellness. Understanding the subjective and objective side of financial wellness is key to communicating effectively with employees about their finances. Employees who are at-risk but unaware may need a “wake-up call,” while others who are financially secure but worried may benefit from confidence-boosting assurance that they’re on the right track.

TOTAL FINANCIAL WELLNESS	High Objective Wellness	Low Objective Wellness
	High Subjective Wellness	Low Subjective Wellness
	49% GOAL	16% WAKE-UP CALL
	8% CONFIDENCE BOOST	27% COMPREHENSIVE SUPPORT

Source: Fidelity Global Financial Wellness Survey, 2020. The percentage represents the % of survey respondents in each objective/subjective category.

High Objective/High Subjective: the ideal state where the respondent’s financial wellness is objectively good, and they also feel good about their position.

High Objective/Low Subjective: a ‘reality check’ opportunity where the respondent needs a confidence boost.

Low Objective/High Subjective: also a ‘reality check’ opportunity where the respondent needs a wakeup call.

Low Objective/Low Subjective: respondents in this category need comprehensive support.