

PERSONAL FINANCES — KEEPING THE WOLF FROM THE DOOR



IN OUR LAST BLOG, WE LOOKED AT THE IMPACT OF COVID ON OUR EMPLOYEES' MENTAL WELLBEING, WITH CONCERNS ABOUT JOB SECURITY, HOME WORKING AND WORKPLACE SAFETY ALL IMPACTING ON ANXIETY LEVELS. IN THIS ARTICLE, WE LOOK AT HOW THE PANDEMIC HAS AFFECTED PERSONAL FINANCES, OFTEN A SUBJECT AT THE HEART OF PEOPLE'S WORRIES.

According to a recent survey by the Nationwide Building Society, 65% of respondents felt the pandemic posed a threat to their personal finances, with over a third seeing personal and household incomes decrease. And

comparison website KnowYourMoney reports that 13% of us have taken on additional debt during lockdown, particularly young adults under 34.

So what are the types of concerns your staff may be experiencing?

LOSS OF INCOME

Since businesses closed their doors, we've seen over 180,000 redundancies in the UK and over 9 million furloughed. Both scenarios result in a loss of income.

And if two partners in a household happened to work in badly affected industries, they could find their joint incomes plummeting. Finding you need to look for work at a time when jobs are thin on the ground is very stressful. Sometimes, just as concerning, is the worry that it might happen.

REDUCED HOURS

As businesses take precautions to minimise their operating costs, many are reducing their employees' hours. Indeed, in countries such as Germany, this is a practice that is being actively encouraged, the thinking being that employment is more important than income. There are incidental benefits to having a job, including social contact, shared goals, structured activity,

all important for mental health. But finding you are working three days rather than five and as a result receiving 3/5ths of your salary is hard when your bills have to be paid.

COST OF LIVING RISES

Inflation has been low for many years in the UK, but we are starting to see a rise as lockdown restrictions lift. Petrol has jumped up as demand increases, as have items such as clothing, as the normal summer sales just aren't happening. And whilst in some ways this is good, signalling the start of a return to a healthy economy, it hits the pockets of people on reduced incomes.

CREDIT SCORES IMPACTED

Research by Credit Karma UK suggests that millions of consumers could find their credit scores damaged during the pandemic. This impact of this is dramatic, with someone going from a strong to a poor credit rating potentially facing an estimated £2,690 a year in additional interest on any new borrowing.

Many financial organisations have offered payment holidays, a welcome move for a lot of people. But these breaks in payment may well impact on credit applications in the

future. Whilst not directly affecting credit scores, defaulting on payments once the holiday ends will. And an estimated 5 million people will be unable to make their repayments over the next few months.

HOW CAN YOU HELP

Money concerns are proven to impact directly on your employees' ability to do their job. So businesses should consider establishing some formal procedures to support members of staff with such worries.

Actions you can take include offering financial education sessions, teaching people how to budget more effectively and how to manage debt. Signposting employees towards practical help such as [mortgage advice](#), [credit rating](#), debt counselling and workplace financial solutions can all help your team to get the support they need.

The pandemic has created an enormous and entirely unexpected change of fortune for millions of people. But we need to find a way for businesses to continue, and to do that, it's crucial that our employees can focus on work and not be worrying about their finances. It makes sense for organisations to provide financial advice and support to help both their employees and their commercial wellbeing.