

Chapter 1

In pursuit of financial wellbeing

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for the future?

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- Our changing relationship with debt
- Personality and financial wellbeing
- How can employers best personalise support?

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Foreword



Rob Barker
MD, UK Savings & Retirement,
Aviva

“At its core, ambiguity leaves us open to potential losses – to confusion, uncertainty and doubt – through the risks of the unknown. But it can also open us up to potential gains – to opportunity, growth and progress – and the ability to thrive in adversity.”

This idea is particularly appropriate for where the UK workforce finds itself in 2021. Our pandemic-hardened nation is gradually stepping back out into the open in search of social and economic recovery after months spent in lockdown.

Much of our national conversation over the last year has focused on how we can best adapt to a new working environment as a result of disruptive events. Life beyond Covid-19 will never be quite the same again, but what implications will our new realities have for workplace and financial wellbeing? And what positives can we take from some of the changes to how we live and work?

Aviva was exploring these questions before the pandemic took hold, when the Age of Ambiguity was already upon us. We were motivated to ask and help our corporate clients and their employees grasp the emerging rules of engagement in an environment of blurring lines between work and home, with new roles, responsibilities, expectations and ambitions colliding.

Now, more than a year on and with change accelerating like never before, we take stock and consider the new workplace that is taking shape in 2021. What have we gained and lost in terms of our overall and financial wellbeing? What short- and long-term hopes have we acquired, in and out of work, and what trade-offs are we willing to make to achieve them? And more broadly, how does personality impact our ability to survive and thrive in a climate of ambiguity?

By proactively taking steps to start conversations, identify opportunities and mitigate risks, Aviva is committed to helping employers and employees demystify the present and apply our learnings to progress towards better workforce wellbeing.”

Iona Bain, Personal Finance expert

“ The Covid-19 pandemic has had a seismic impact on the way we live, work, and manage our finances, prompting national conversations about everything from the role of the office to how we can find greater meaning in our lives.



Iona Bain
Personal Finance Expert

As someone who talks about money and careers for a living, I have spoken to many people over the past year (albeit virtually) about their hopes and fears for the future. The biggest message I'm hearing? Things have never looked so complex, so uncertain, so fluid.

Some are positively thriving, capitalising on new opportunities and re-calibrating their lives to better suit their character and values. Many have struggled, feeling like they've lost purpose, motivation, and structure. Some have lacked support from employers, while others are chronically worried about their finances, wondering if they'll ever be able to achieve security and important goals.

It's tempting to think the sole catalyst for all this is Covid-19. Yet we have been living in the Age of Ambiguity for some time. The pandemic simply accelerated existing trends and magnified our attention on developments that have been bubbling away for years.

This fascinating report from Aviva couldn't be more topical. As we gradually move out of lockdowns and restrictions, employers and employees alike will need time, support, and expert insight to skilfully navigate this brave new world. Crucially, the key conclusions from this report could and should help businesses everywhere suss out how to get the best from their workforce.

We all know that it's enlightened self-interest for employers to think about the interests of their workers. That way lies more loyalty, productivity, and innovation. But most employers I encounter also want to do the right thing for its own sake.

Sadly, there appears to be a mismatch between good intentions and the harsh reality. This research shows businesses aren't always grasping even the basic needs of their workforce. Thankfully, this research gives us several helpful proposals. These include offering tailored support for employees based on their personality and life situation, fostering a top-down culture of genuine choice, and having open, honest conversations with employees to give them clarity and direction. This will ensure no employee gets left behind in the Age of Ambiguity.

Workplace financial education is no longer a nice-to-have. It's increasingly expected by employees and a fundamental pillar in any wellbeing strategy. This report shows the devastating impact of financial problems and insecurity on workers' wellbeing, and conversely how accessible education can dramatically improve their financial confidence.

Businesses can also show their commitment to their workers' financial needs by adopting the Living Pension proposal. This could transform the way pensions are perceived and send a powerful message that employers are firmly on our side, making sure that one day, we will have the happy retirement we deserve.

There are no simple, quick solutions in this Age of Ambiguity. But I have no doubt that Aviva's comprehensive, imaginative analysis will take several important conversations forward, with insights into our working and financial lives that will prove invaluable for months and years to come. ”

Introduction

Our study among 2,000 employees commenced in February 2020, returned in August 2020 and again in March 2021, providing unique insight into how our relationship with money, experiences of working life and hopes for the future have evolved as we adapt to unprecedented circumstances. Alongside this we collected personality data to develop our understanding of how personality affects work, wellbeing and our relationship with our finances.

The findings suggest many trends which have been gathering pace in recent years have now reached an inflection point, as new preferences emerge to shape the way we work, feel, think and plan ahead.

In this report we define the following age groups as:

GEN-X

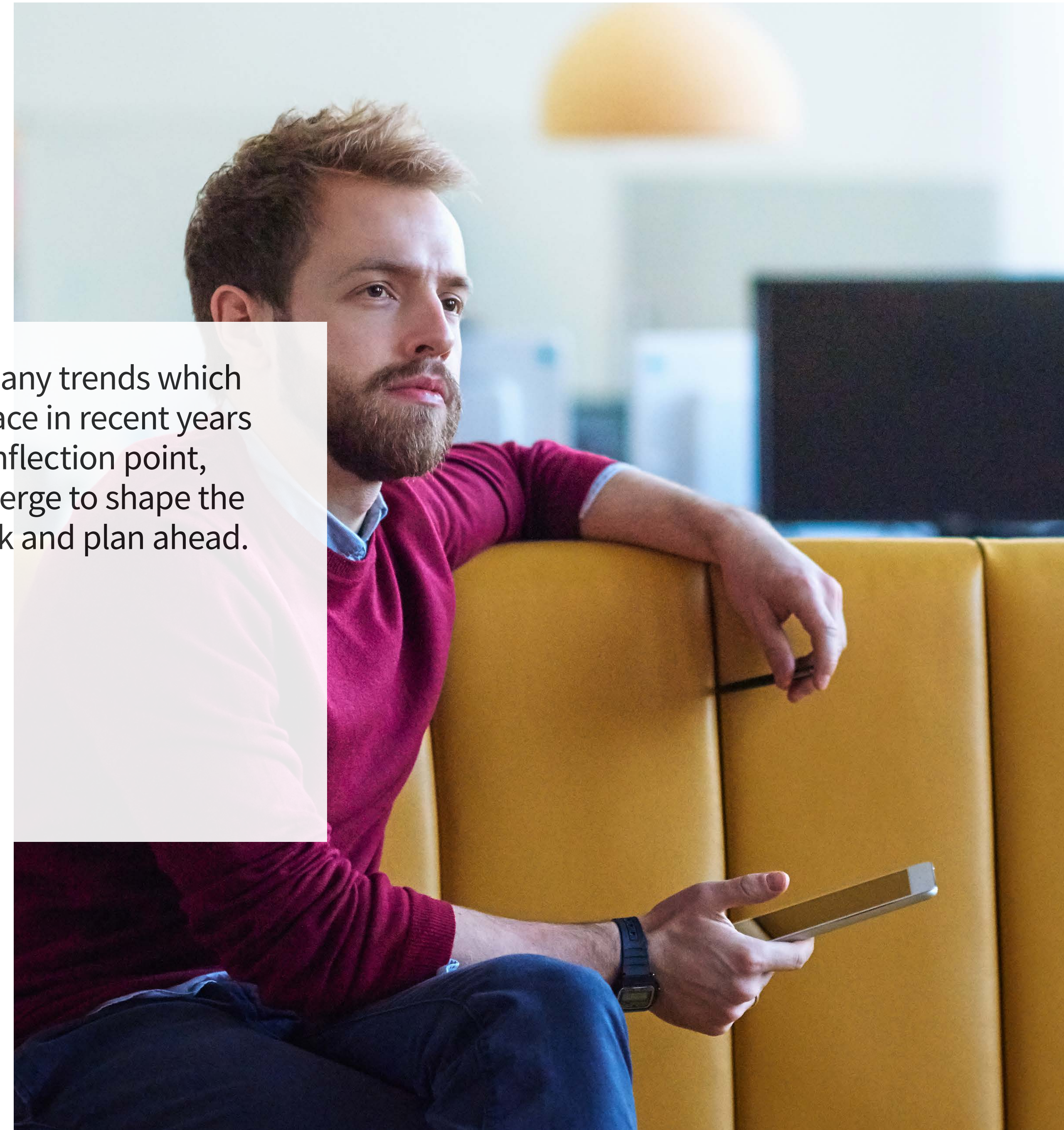
Adults aged 40
to 54 years old

GEN-Y

Adults aged 25
to 39 years old

GEN-Z

Adults aged 18
to 24 years old



Emerging themes



1 In pursuit of financial wellbeing

The Covid-19 experience has fundamentally altered our relationship with money. Two in five (41%) employees say the pandemic has positively impacted their ability to save, while 16% have been negatively affected. However, people suffering from poor financial wellbeing during the pandemic were also likely to have experienced this prior to Covid-19, such as through problem debt.

2 Personality outcomes

Personality type has a huge influence on individual behaviour, mindset and personal outcomes. Employees who are thriving in adversity tend to be naturally more emotionally resilient, conscientious and optimistic. Those with less emotional resilience regularly experience negative emotions, low financial and mental wellbeing, along with feelings of anxiety.

3 The great workplace exchange

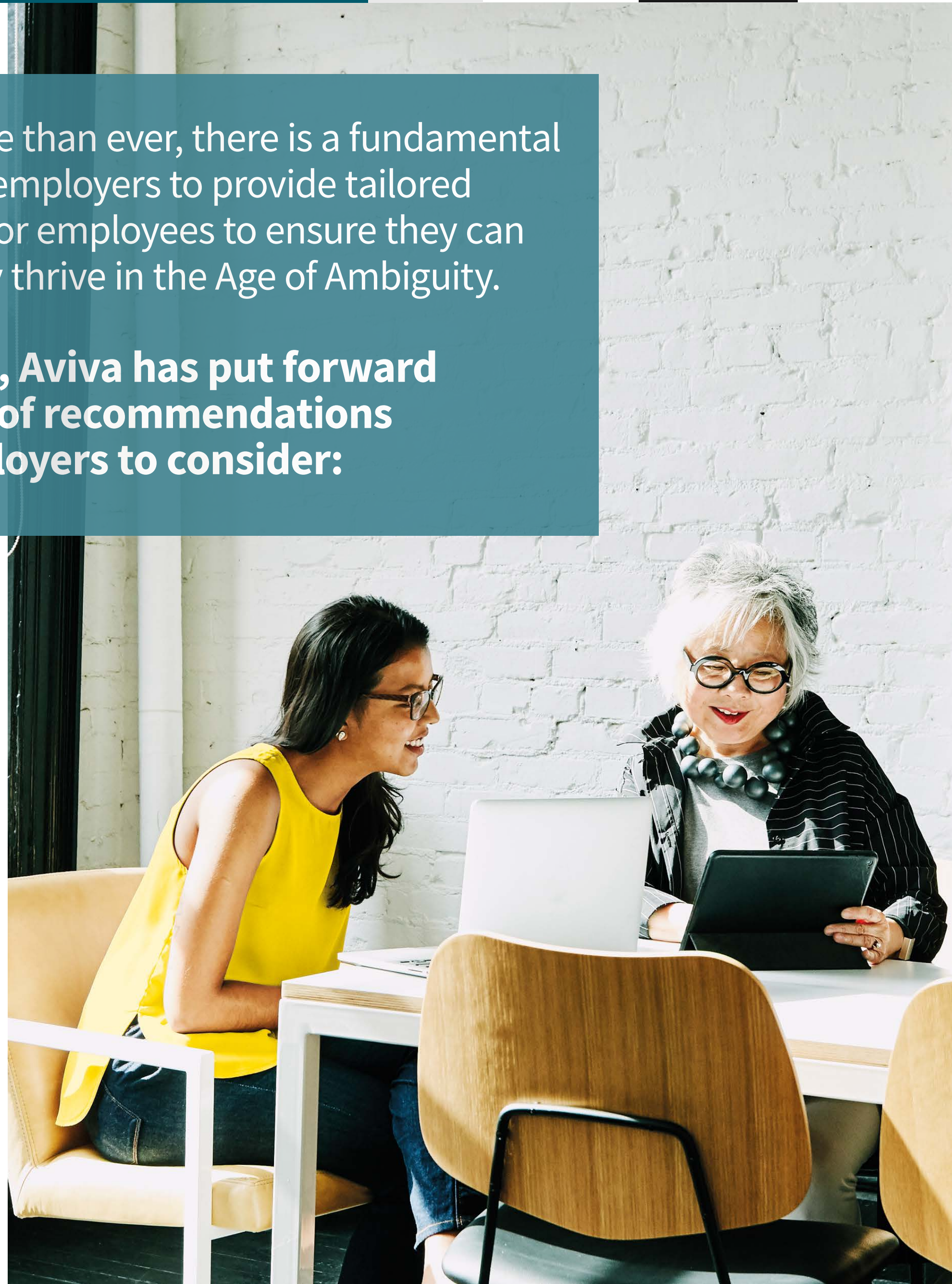
The pandemic has been a period of reflection, and now 69% of employees say flexible working will play a more important part in future job or career choices. Two in three (64%) think complete flexibility of working hours would make them more productive. It will be critical for employers to re-engage with their workforce, around half (47%) of whom have become less career-focused as a result of Covid.

4 Navigating a course into later life

Almost half (47%) of employees do not know how to plan for retirement while women are almost twice as likely as men to feel completely unprepared (21% vs. 12%). Additionally, more than one in five (22%) don't know what 'good' looks like when it comes to pension savings for their age group or how to manage their pension, increasing to 40% for Gen-Z. Employees are more concerned about being able to retire when they want to than how much they are paid, and 59% would be open to receiving support from their employer when it comes to pension planning.

Now more than ever, there is a fundamental need for employers to provide tailored support for employees to ensure they can genuinely thrive in the Age of Ambiguity.

To do so, Aviva has put forward a series of recommendations for employers to consider:



1. Personalising wellbeing and the top-down culture shift

Understanding the need for a personalised approach to employees' wellbeing is key. But it's also easier said than done. Employers and managers can kick-start tailored support by personalising their conversations with employees and using discussion to create a bespoke wellbeing support package that is best suited to individual mindsets and behavioural patterns.

2. Making financial education personal

Financial education in the workplace is nothing new, but there is now a clear appetite from employees for individualised support. Providing information in accessible and manageable chunks through a variety of channels and creating a 'safe space' where even the most basic support can be discussed, are important first steps towards a more personalised approach that ensures everyone, even the hard to reach, get the support they need.

3. Supporting the Living Pension concept

Current regulations do not require a workplace pension to deliver a decent standard of living for a typical employee. The minimum auto-enrolment contribution rate is 8% of only a proportion of salary. Even with state pension added to the mix, this won't be enough for many employees. A Living Pension accreditation – the pensions equivalent of the Living Wage and a commitment to a minimum level of pension in retirement – should help employers ensure their workplace pension supports a minimum standard of living in retirement and is personalised for the individual employee. This would give employees confidence that they work for an employer who will help provide for their future wellbeing, as well as their immediate needs.

Our personality insights



There is a widely held belief people are either resilient or not. However, it's not that clear cut. Our research has defined the spread of personalities across the typical modern workforce. This enables us to better understand the likely impact when different types of people are put in certain situations or asked to make certain decisions.

Personality type has a huge influence on behaviour, mindset, and personal outcomes. Employees who cope better in terms of their financial and mental wellbeing, and who experience higher job satisfaction, tend to naturally be more emotionally resilient, optimistic and more conscientious. Those with less emotional resilience regularly experience negative emotions, low self-confidence and feelings of anxiety. However, with the right support anyone can build resilience.

It's time for employers to try to look beyond simple ways of segmenting their workforce (such as generational or demographic lines) and introduce a new dimension of personality type. Employee support has moved beyond a one-size fits all approach. While personality is relatively fixed, resilience and soft skills can be developed to help employees and managers thrive.

By factoring personality into their people strategies, employers can take a more rounded approach and provide more incisive support for people's mental and physical wellbeing, relationships and future plans. A one-size approach fits only by accident; understanding personality-based drivers is essential to reach a place where everyone can realistically thrive in the Age of Ambiguity.

Aviva has worked with Robertson Cooper, a team of wellbeing specialists and business psychologists, to create four evidence-based personality types:

Resilient Completers

Impulsive Worriers

Apprehensive Achievers

Spontaneous Survivors

Behaviour profiles

Robertson Cooper conducted analysis on the 'The Big 5' Personality Traits: Extraversion, Agreeableness, Openness, Conscientiousness and Emotional Stability, to create the four personas described in this report.

74% of **Resilient Completers** rate their financial health as 'good' vs only **48%** of **Impulsive Worriers**.

Only **28%** of **Resilient Completers** agree that their financial situation negatively impacts their mental health compared with **50%** of **Impulsive Worriers**.

Resilient Completers (11%) are at least half as likely to report job dissatisfaction than all other types (**20-25%**).

Impulsive Worriers nearly are half as likely to feel comfortable with their job security (**33%**) compared with **Resilient Completers (60%)**, while the other two types are in the middle (**41-42%**).

Resilient Completers

Overview

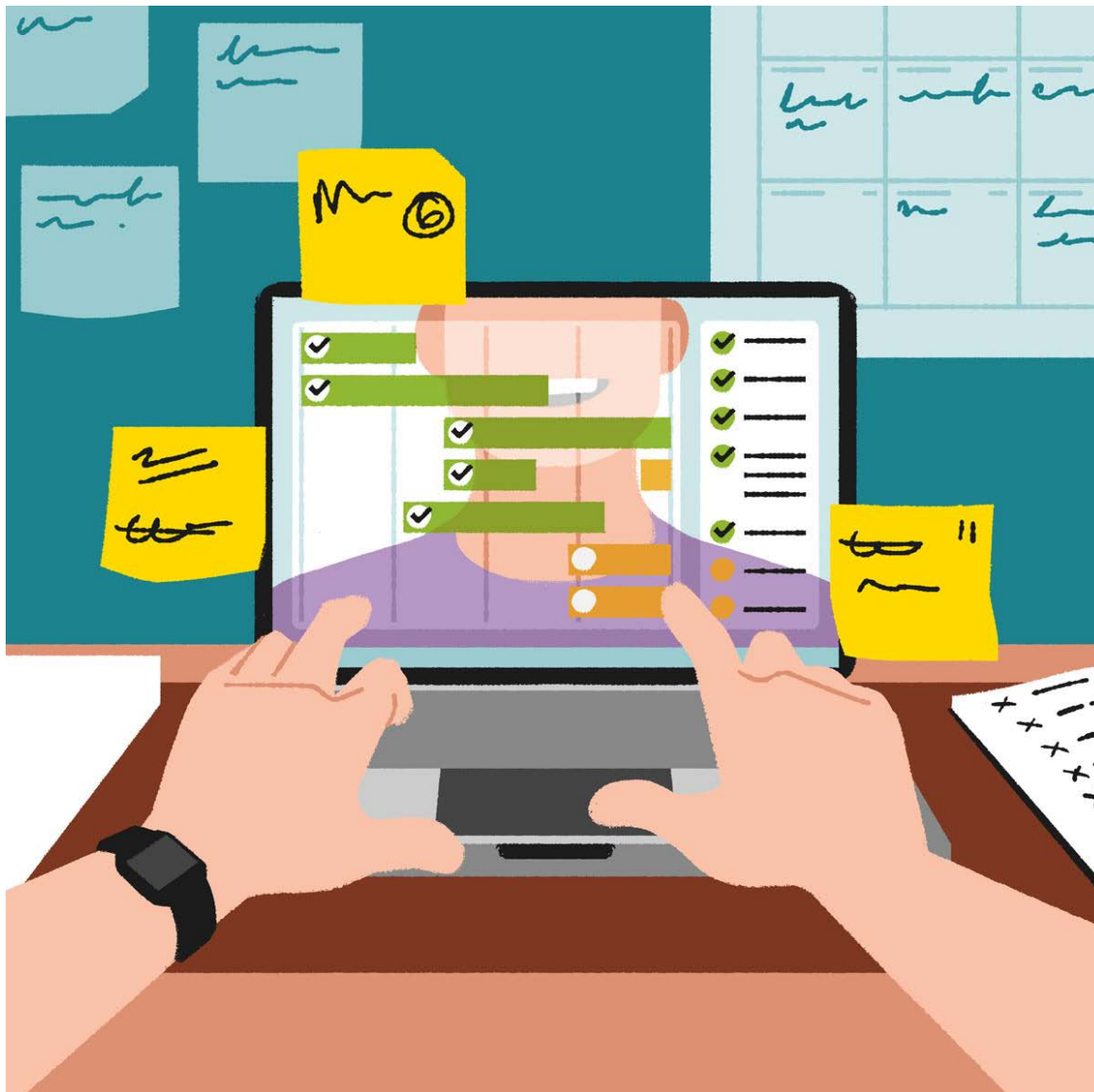
Disciplined, organised and confident – good under pressure but like a clear path with little unpredictability.

When and where do they thrive?

Are suited to a high pressure setting where self-discipline and determination is important.

When and where do they struggle?

A rapidly changing, fluid and ambiguous work situation will feel difficult.



Apprehensive Achievers

Overview

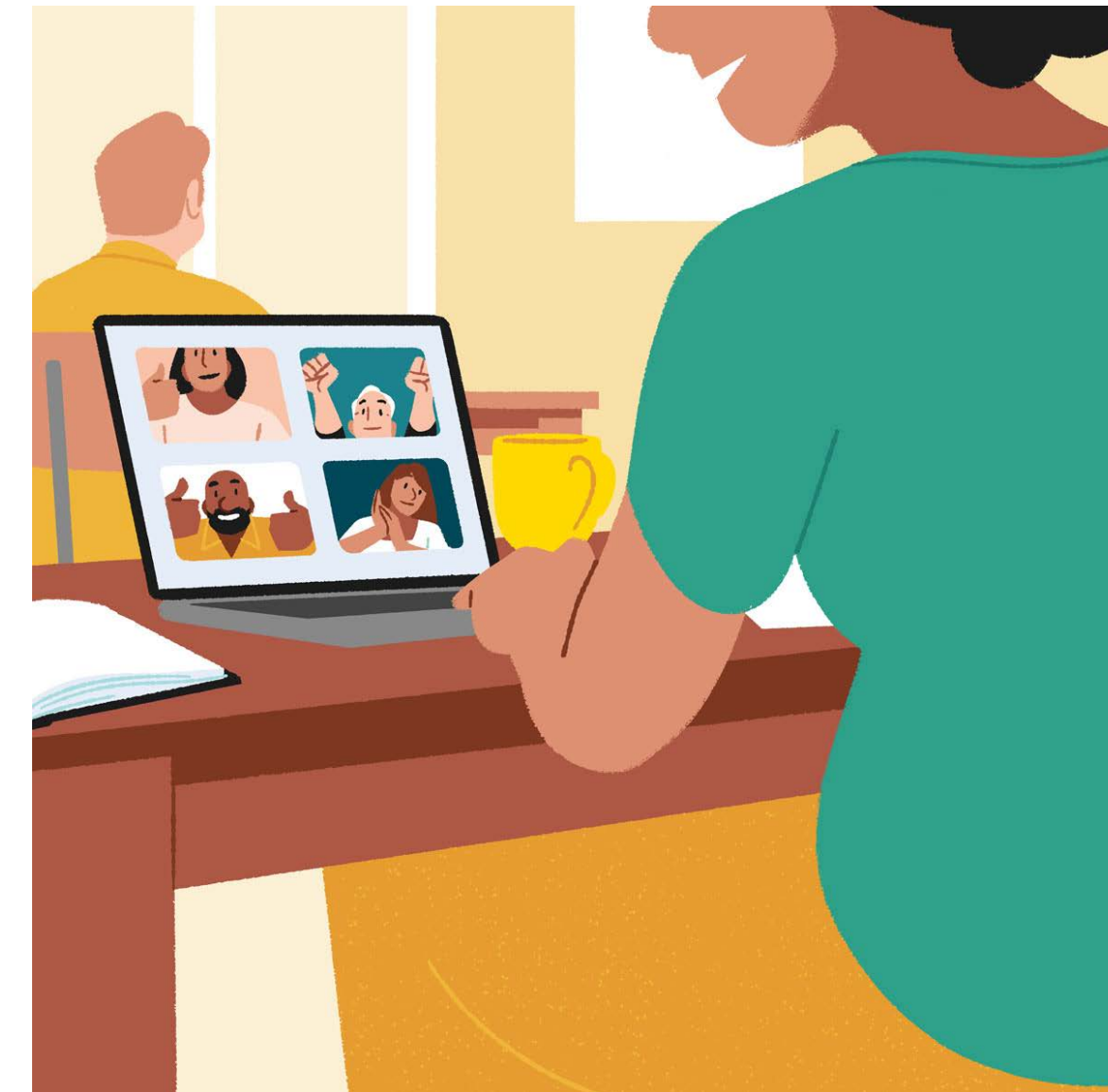
Determined and disciplined – can struggle when under pressure.

When and where do they thrive?

Are usually aware of potential threats or problems, so tend to perform well in situations where high levels of forward planning and vigilance about what could go wrong are required.

When and where do they struggle?

High pressure, ambiguous work settings where goals and objectives are open-ended and not fully specified would be troubling.



Impulsive Worriers

Overview

Less organised and resilient – strongly motivated but need emotional support.

When and where do they thrive?

Work well in a free-flowing work environment where there is a lot of emotional support and flexibility is valued more than discipline.

When and where do they struggle?

Impulsive Worriers are unlikely to perform well in a situation where other colleagues are heavily reliant on their output and supervision of their own behaviour is light.



Spontaneous Survivors

Overview

Work well under pressure and in fast moving situations – can lack attention to detail.

When and where do they thrive?

They enjoy high pressure but informal work settings and thrive where detail and planning are not priorities.

When and where do they struggle?

Would struggle in any work setting that required high levels of self-organisation, structure, and self-motivation.

In pursuit of financial wellbeing

How can we fix the
foundations for the future?



The Covid-19 experience has **changed** almost every aspect of **our lives**, from the way we **work, live** and **connect** with others – and not least – to how we handle our **personal finances**.



Changes to daily life since early 2020 have had a profound impact on financial trends and behaviours across all demographic groups. In many cases, **awareness** of the importance of personal financial wellbeing has been **accelerated** by the **unprecedented** events of the last year.

However, it's very much a story of two halves. Whereas some employees have been able to boost their **financial wellbeing** by saving more with large swathes of the economy closed, others have found their **income reduced**, and are facing **larger debts** or having to provide support for dependent family members.

Aviva has sought to uncover what people have gained and lost from the resulting state of ambiguity, and how it has impacted our mental health. What lessons have we learnt and what new behaviours can we hold on to? Importantly, how do **different personality types** influence how we manage our finances, how we feel about **money** and the support we need to **thrive** in the face of **ambiguity**.

Awareness of the importance of personal financial wellbeing has been accelerated by the unprecedented events of the last year.

Those working

the retail sector (**14%**) or living with disabilities (**24%**) are more likely than the national average (**10%**) to rate their mental wellbeing as bad or very bad.



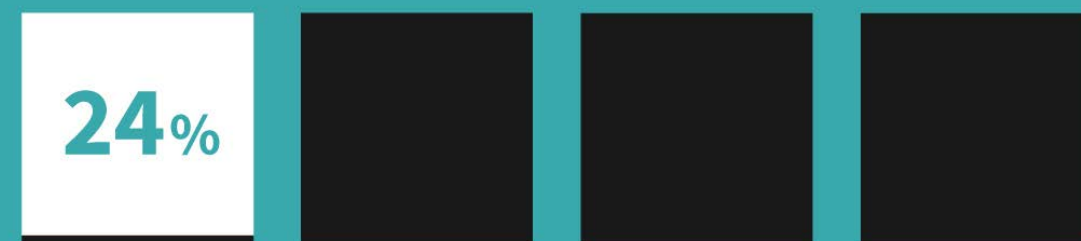
More than

two thirds (**68%**) with poor financial wellbeing think they are organised with their money, and **64%** state they always try to minimise debt.



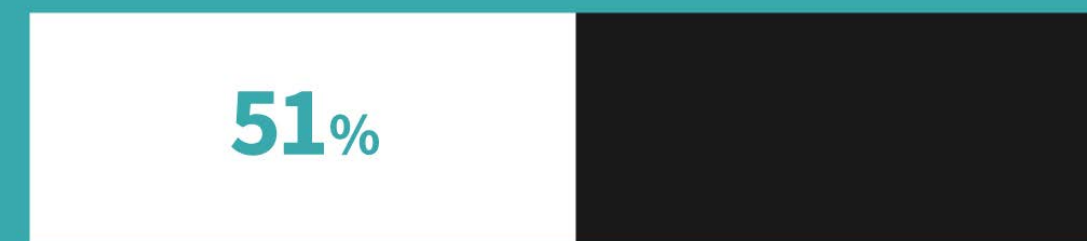
A quarter

of employees (**24%**) feel they have made a bad decision about debt during the pandemic.

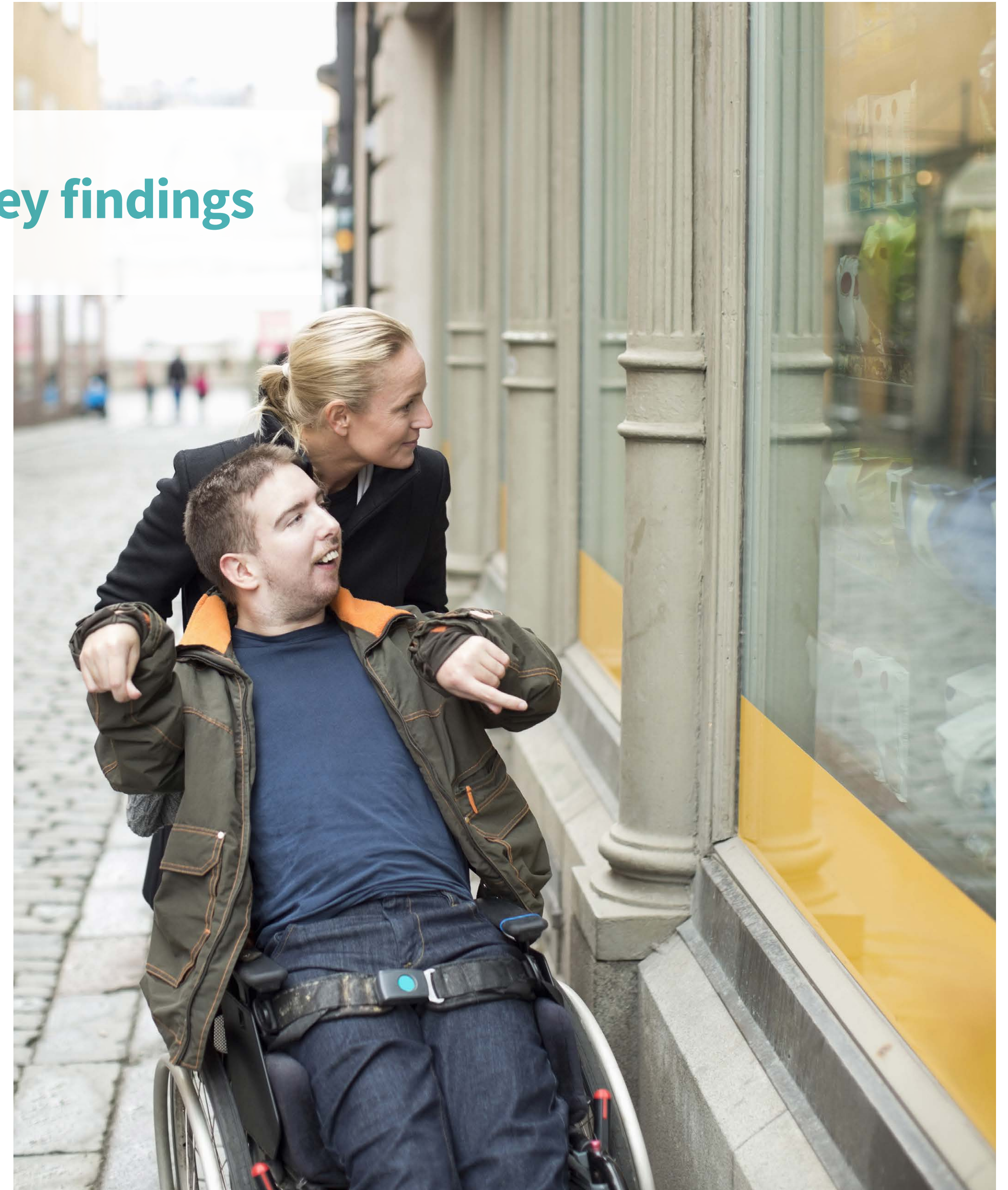


This includes

more than half (**51%**) of 18–24-year-olds who also feel they have made a bad decision about debt during the pandemic.



Key findings



Impact on mental health

What is financial wellbeing?

We define **financial wellbeing** as a sense of security from the feeling you have enough money to meet your needs. It's also about **being in control of your day-to-day finances** and having the **financial freedom** to make choices that allow you to enjoy life.

The link between finance and our mental health is stark. Research by The Money and Mental Health Institute claims over 1.5 million people in England alone are experiencing both problem debt and mental health problems¹. But this cyclical link has become even more profound since the onset of the pandemic when many people's finances were catapulted into unknown territory.

Our research revealed a strong correlation between being fully prepared for unexpected events and impact of financial situation on mental health. It's evidenced that making the effort to be prepared is better for mental health or that better mental health enables you to prepare better.

The socio-economic impact of successive lockdowns is likely to intensify financial inequalities, which contribute towards the greater frequency and unequal distribution of mental health issues. The Institute for Fiscal Studies (IFS) has forewarned the economic downturn resulting from the pandemic "will have significant consequences for people's health outcomes in the short and longer term²."

State of employees' financial wellbeing one year on

57%

are **just getting** by financially

39%

say their **financial situation** is affecting their **mental health**

30%

are **concerned** the money they have, or will save, won't last

26%

say their current level of debt is **detrimental** to their **wellbeing**

Our research shows a concerning number of employees (**39%**) are experiencing a negative impact on their mental health. But which sectors of the workforce are suffering the most? Gen-Z workers (**14%**) and those working in the retail sector (**14%**) are more likely than the national average (**10%**) to rate their mental wellbeing as bad or very bad. This rises to **24%** among those living with a disability.

This coincides with employees' perceived financial wellbeing during the course of the pandemic.

However, it is not just lower earners who are feeling the pressure. Three in five (**60%**) employees agree that their finances at least sometimes control their lives – this rises to **83%** of Gen-Z and **71%** of Gen-Y.

As a result, roughly a quarter (**26%**) of all employees are very worried about their financial wellbeing in the future.

But what is driving this pressure? Money is a means to an end for physical comfort, but nearly half of employees (**45%**) say they only sometimes, rarely, or never have money to spare at the end of the month.

As a result we are not in control of our money; rather it is controlling us.

Our changing relationship with debt

The pandemic has had a positive impact on some employees' finances. Just over two in five (**41%**) saw an improvement in their ability to save, while **39%** of respondents said their total debt has decreased over the past 12 months. Those who have seen the biggest improvement to their finances include office workers and Gen-Y.

However, it hasn't all been plain sailing by any stretch of the imagination. A quarter (**24%**) of employees feel they have made a bad decision about debt during the pandemic, and **26%** state their level of debt is detrimental to their wellbeing.

This increases to more than half of those who have been made redundant from a previous role (**52%**).

Almost a third (**29%**) have had to borrow to replace lost income, while one in 10 have had to defer mortgage or personal debt repayments so the balance and interest have accrued. It's not just those who have lost their job who are suffering: those in senior positions are more likely than the average employee to say their finances are keeping them awake at night (**43%** vs **24%** overall).

Concerningly, more than half (**51%**) of Gen-Z stated they have made a bad debt decision over the last year. Amid the turmoil of the pandemic, young people have emerged as one of the most vulnerable groups in society and have been some of the hardest hit³. More than a third (**36%**) of Gen-Y also feel they have made bad debt decisions during the pandemic, compared with just **17%** of Gen-X.

To best support younger workers and retain their loyalty, employers can play a pivotal role in providing support in the form of financial education, as well as seminars on improving overall wellbeing – both physical and mental.

Employee Perspectives

As income levels varied over multiple lockdowns, so did the impact of the pandemic on people's household finances



Personality and financial wellbeing

Our research shows financial factors only account for half (**51%**) of someone’s sense of financial wellbeing. The rest is down to other factors, including personality.

Despite what might be assumed, employees with poor financial wellbeing do not necessarily think of themselves as bad with money. More than two thirds (**68%**) with poor financial wellbeing think they are organised with their money, and **64%** state they always try to minimise debt.

Impulsive Worriers, who are prone to negative emotions and are more unstructured and impulsive, are four times more likely (**15%**) to rate their financial situation as ‘bad’ compared with **Resilient Completers** (**4%**). **Impulsive Worriers** are twice as likely (**63%** vs. **31%** for **Resilient Completers**) to find their finances stressful and are therefore more likely to feel an impact on their mental health.

Greater financial education is vital in improving levels of financial wellbeing, and for thriving in an increasingly ambiguous financial environment.

On the other hand, **Resilient Completers** feel they are fully prepared financially for unexpected events (**77%** vs. **49%** of **Impulsive Worriers**). This cohort is unlikely to allow their financial situation to negatively affect their mental health, as their personality acts as a kind of ‘shield’.

Employees with poor financial wellbeing are much less comfortable in managing their finances and are therefore much less proactive in relation to their finances. More than four in five (**84%**) of this group say dealing with their finances makes them feel anxious and stressed, while **76%** wish they understood more about how best to save and invest their money.

When it comes to debt, **Spontaneous Survivors** (**50%**) are more likely to be positive about financial risk, such as debt, in comparison to **Apprehensive Achievers** (**44%**). This is a clear consequence of low conscientiousness vs. high conscientiousness.

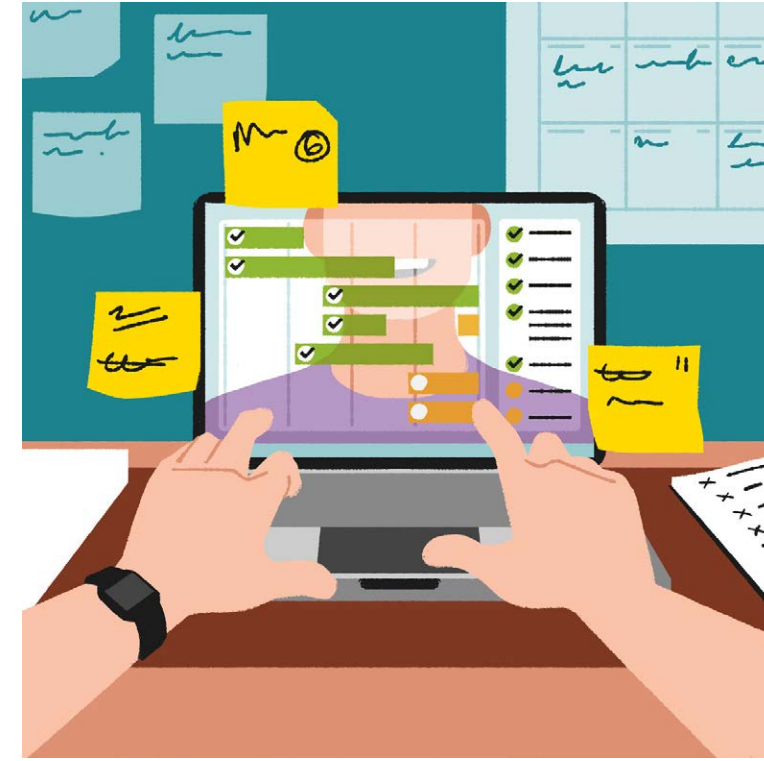
Clearly, the correlation between high emotional stability and better life and job satisfaction, and financial wellbeing, is strong. Those with this personality trait are more equipped for planning for the future effectively in the age of ambiguity.

Greater financial education is vital in improving levels of financial wellbeing, and for thriving in an increasingly ambiguous financial environment. There is a crucial role that employers can play in facilitating this knowledge. Providing information in accessible and manageable chunks through a variety of channels and creating a ‘safe space’ where even the most basic support can be discussed.

“I agree that my financial situation negatively impacts my mental health”



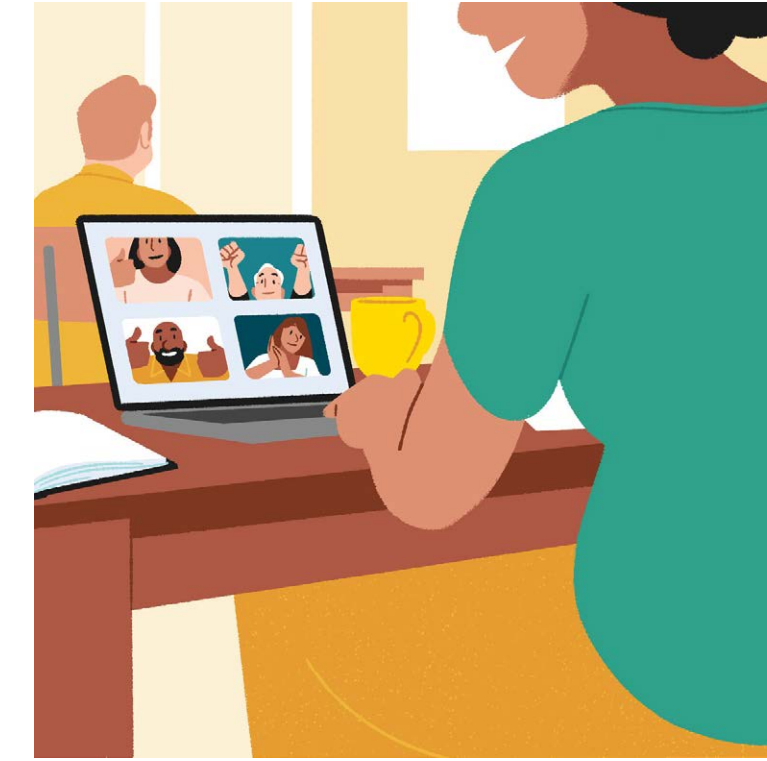
How can employers best personalise support?



Resilient Completers

Help them to avoid complacency and over-confidence.

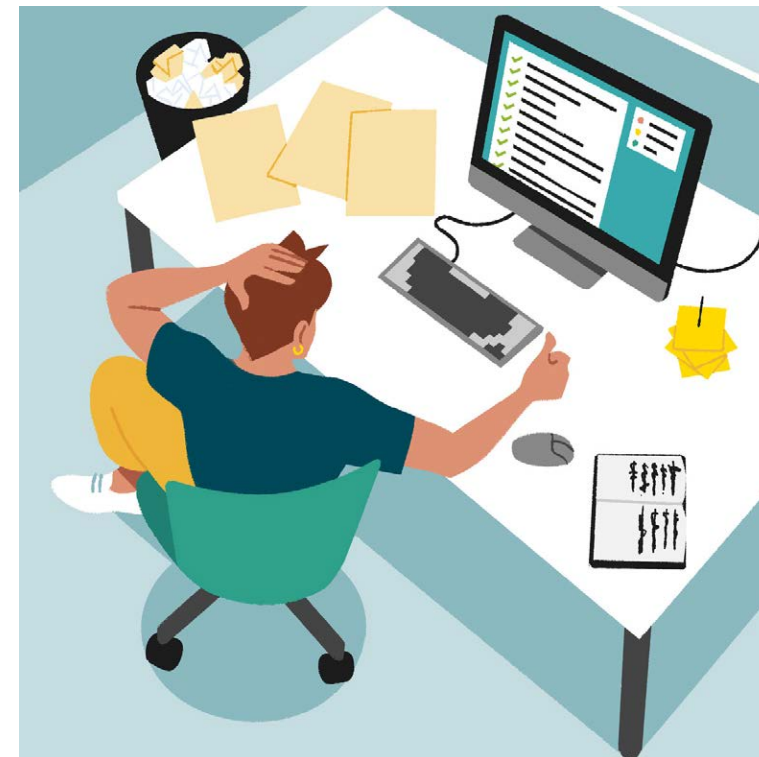
They can often miss threats or risks coming down the track and can be supported by helping them plan for different versions of their future.



Impulsive Worriers

Provide them with the knowledge they need to make good decisions in a consumable way, including concrete examples to show a positive future is possible.

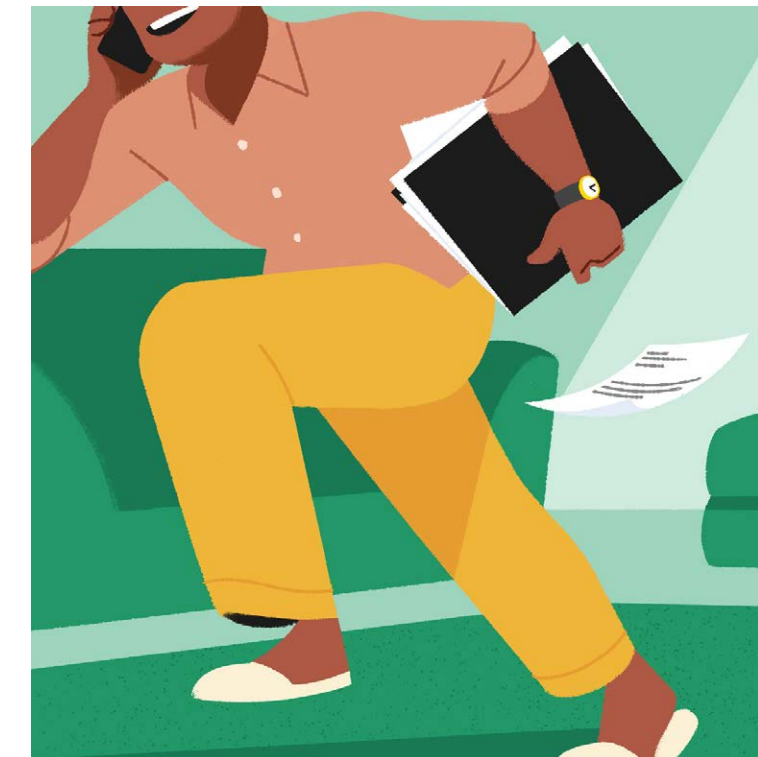
Help them think through planning for unexpected events and provide reassurance, so that their anxiety doesn't get in the way of decision making.



Apprehensive Achievers

Help them to create strong goals around their finances in order fire their determination to succeed and overcome any initial anxieties.

They will be aware of threats or things that could go wrong, so take steps to reassure and encourage them to take action.



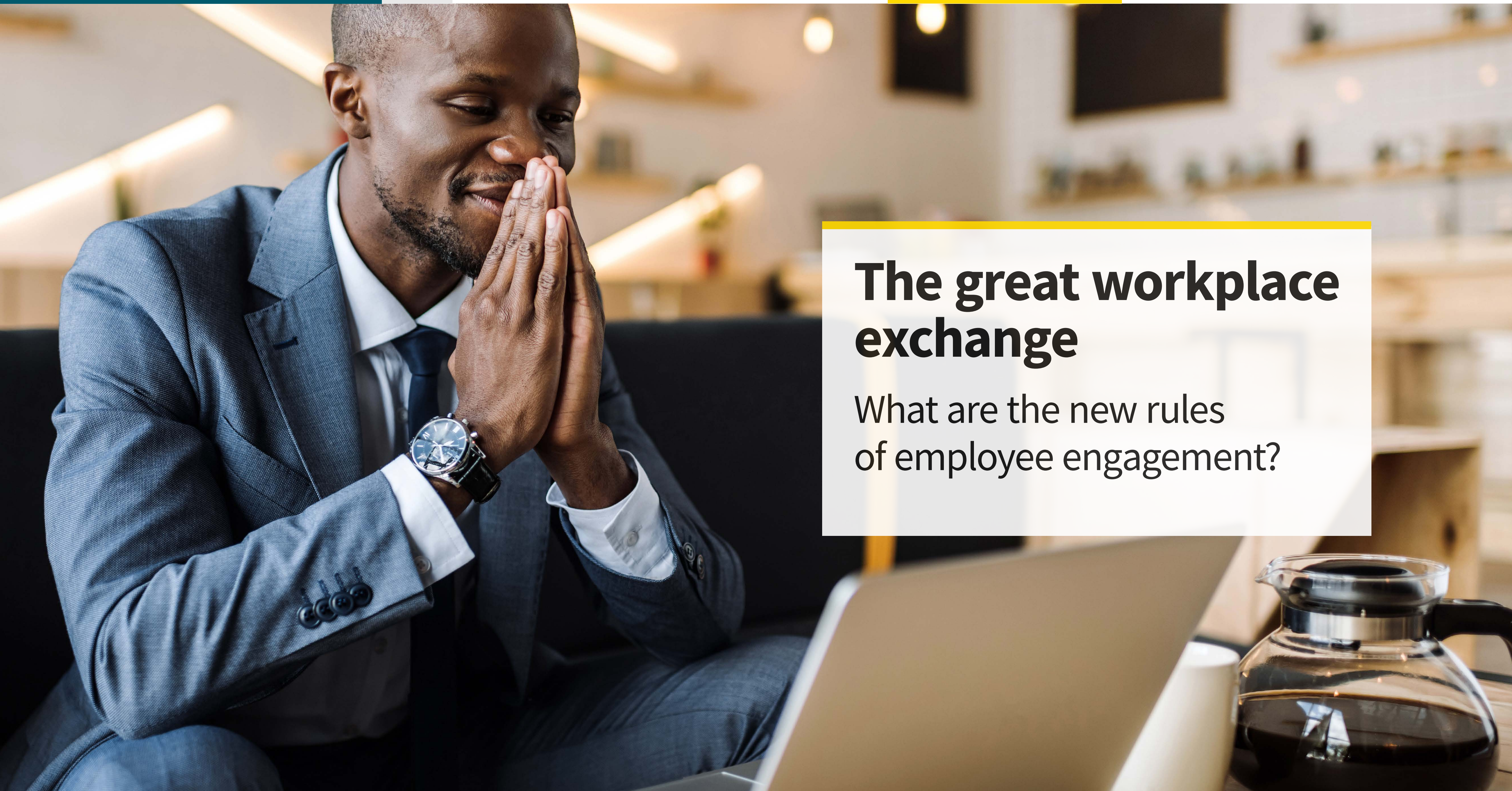
Spontaneous Survivors

Support them to ensure that being relaxed and 'in the moment' around finances doesn't turn into complacency.

They are unlikely to value a lot of structure or long-term goals - so give them options for taking action now, where possible with quick-wins, as well as long-term ones, built in.

The great workplace exchange

What are the new rules
of employee engagement?



The journey towards the **workplace of the future** has been accelerated by the pandemic, from **decreasing office space** and **increased homeworking** to **widespread digitalisation** and non-linear careers.

Last year we assessed how workers' **sense of purpose** had been challenged and how their relationship with their employer had shifted. It was apparent staff **needs and expectations** were **evolving** while **disillusionment** and employee drift were growing among all workers – continuing a **pre-pandemic trend**.

Now, as we look ahead to life beyond lockdown, hybrid working seems here to stay for many office-based workers. Against this backdrop, how can we **support employees to thrive** amidst change. Can employers and employees re-emerge and reconnect with one another? What education and support do managers need to make this a reality? And how they can set out on the right foot towards mutually supportive and **beneficial relationships** that are **conducive to wellbeing** in and out of work?



The pandemic

has been a period of reflection, and now **69%** of employees say flexible working will play a more important part of job/career choice.



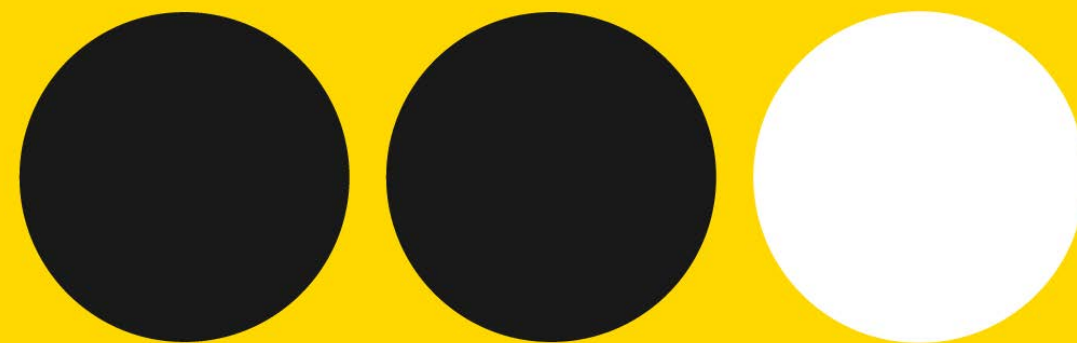
This increases to

76% of those aged between 18-44.



Two in three

64% employees think complete flexibility on their working hours would make them more productive.



It will be critical

for employers to re-engage with their workforce – around half

47%

of whom have become less career focused as a result of the pandemic.

Key findings



Who does hybrid working work for?



More than a third (**35%**) feel their work/life balance has improved during the pandemic, yet one in five (**20%**) have been negatively impacted, while **21%** state that they have experienced a negative impact on how they feel about their job.

Both Gen-X (**20%**) and Gen-Y (**22%**) are more likely than their younger Gen-Z counterparts to have felt the loss of work/life balance, although Gen Y are the most polarised with **41%** feeling they've made gains. Negative feelings towards their job are spread relatively evenly across the generations, yet Gen-X are less than half as likely as Gen-Z to feel more positive about their job (**21%** vs. **47%**). Two in five (**40%**) employees are concerned about burnout at work and the blurring of lines between work and home, with younger generations most impacted. The potential for work to encroach on personal lives is unlikely to recede any time soon, and it is vital employers respond effectively.

Women are more likely to report a negative impact on their work/life balance during the pandemic (**24%** of women vs. **16%** of men). Employers will need to think about how they bring people back to work, so it isn't just a workplace where men come back and women stay at home because of a primary care role, looking after children or parents.

In fact, younger workers are most likely to agree some form of hybrid working will be important for them moving forward. Three quarters (**76%**) of employees under 44 agreed with this statement. This is higher than the number of women (**71%**) and employees with children in their household (**71%**) who also agree.

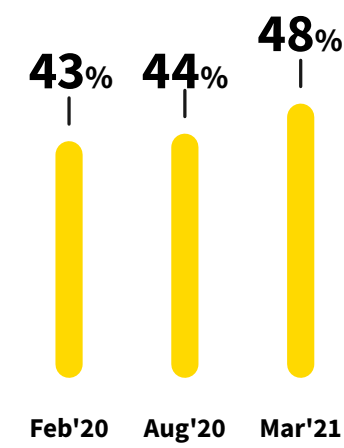
There has been a steady increase since before the pandemic in those employees who often neglect both their physical and mental health due to work commitments. More than half (**52%**) believe the boundaries between their home and work life are becoming increasingly blurred, and **44%** feel they can never switch off from work, which paints a worrying picture for long-term employee wellbeing.

Younger employees especially still feel they neglect their health for work more than pre-pandemic. The youngest cohort (Gen-Z, aged 18 to 24) was the most likely to disagree they will look to work from home more in the future (**27%** vs. a national figure of **21%**). In contrast, two thirds (**66%**) of Gen-Y and three fifths (**59%**) of Gen-X are keen to embrace “much more” home working in future.

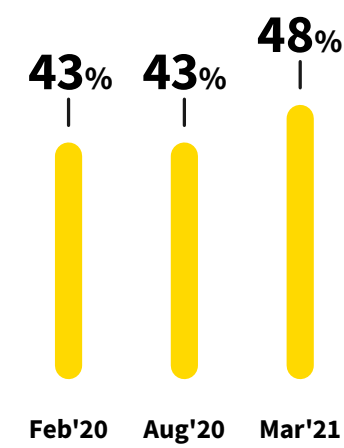
As our current system of hybrid working looks set to stay in certain sections of the economy, it is crucial that workplace systems and structures are put in place to address these issues.

How much do you agree or disagree with the following statements?

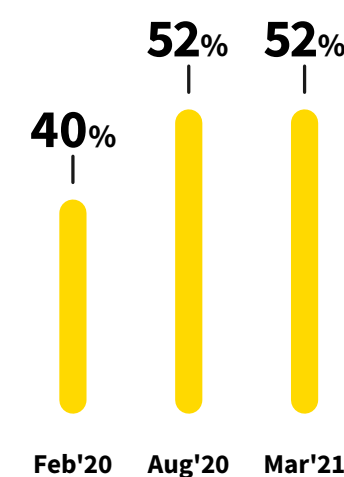
“I always/often check my **emails** after working hours”



“I am troubled that my **work interferes** with my home and **personal life**”

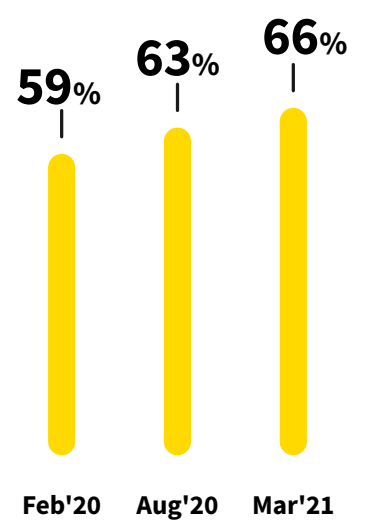


“The **boundaries** between my work and home life are becoming **increasingly blurred**”

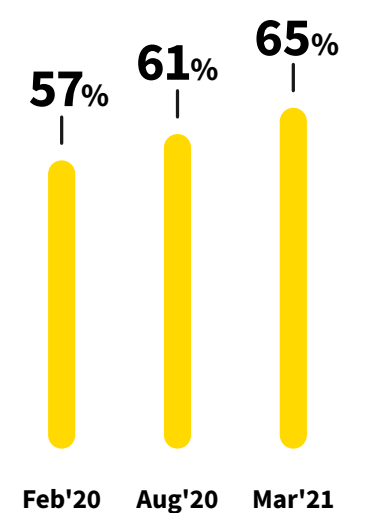


How much do you agree or disagree with the following statements?

“I often **neglect my physical health** through being too busy at work”



“I often **neglect my mental health** through being too busy at work”





The great workplace exchange

Reclaiming 'me' time

Employees are starting to feel they're entitled to take their time back where they can get it.

58%

August 2020

68%

March 2021

The percentage of employees who feel entitled to claim back personal/'me' time during work hours has increased.

64%

Women

73%

25-34-year-olds

This is felt most strongly amongst women and 25-34-year-olds who are increasingly recognising the need to look after themselves.

58%

Those working in the education sector feel the least entitled to take personal time at work.

Re-imagining the office



Covid contradictions

43% of employees who say that their work life balance has been positively affected by Covid-19 are concerned about the blurring of the line between work and home, and the same percentage are concerned about work-related burnout.

This tells us that poor work-life balance isn't necessarily the same as concern about blurring of work and home life. For example, an employee might feel threatened by increasing blurring of lines, but their workload is reasonable enough that their work-life balance is not threatened.



As we move on from **enforced home working** in some sectors of the economy, **employers** are starting to think about what their permanent way of working will look like, with many opting for a **‘third way’** – hybrid structures, which **blend office** – and **home-based** working.

Many employees have enjoyed new working patterns which have seen their commutes reduced and – for some groups – enabled a better balance between professional and personal lives.

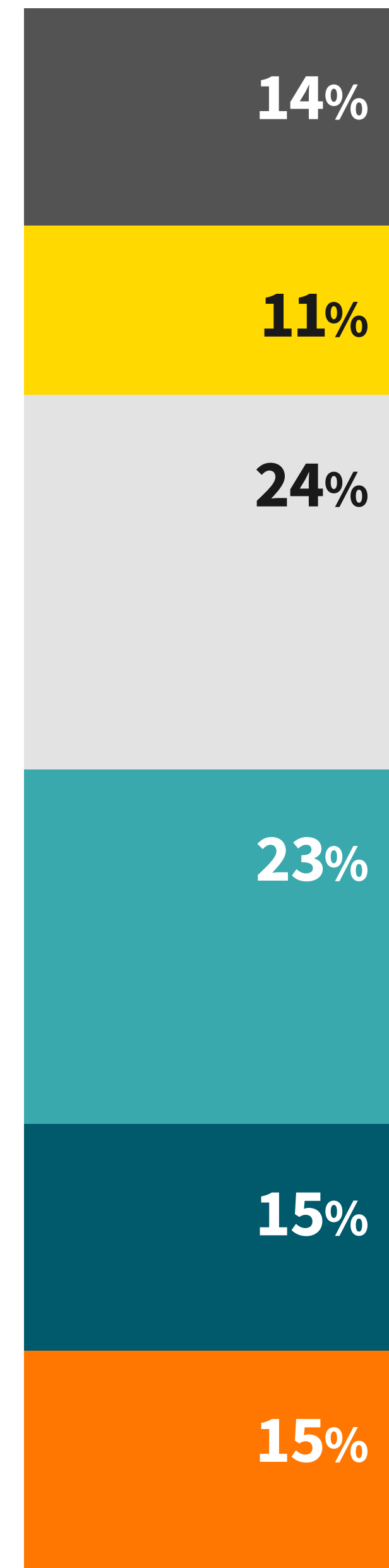
Almost half (**47%**) say they have become less career focused as a result of the pandemic, up from **36%** in August 2020. As a result, employees will be more concerned about finding a workplace with a working style that fits them, and **69%** of employees say flexible working will play a more important role in their future career choices.

Employees will look for something in return to encourage them back in, and employers must ensure offices become a destination for collaborating, mentoring and socialising to rebuild relationships.

Younger cohorts, in particular, can benefit from this. More than a third (**34%**) of Gen-Z rank the social aspect of their current job (enjoying being with and around other people) as their top priority. This compares with a national figure of **20%**.

In comparison, Gen-Y put the highest premium on peace of mind and good mental wellbeing – **33%** make this their top priority – while Gen-X are the most likely to identify work-life balance as their main driver, with nearly half (**47%**) motivated to ensure their work fits in with the rest of their life in the way they want above all else.

The great workplace exchange



Most productive work/home combination

When looking at extremes of splitting the week, males and those with children at home are significantly more likely to want to work 4-5 days in their place of work.

- Full time at work
- 4 days at work | 1 day from home
- 3 days at work | 2 days from home
- 2 days at work | 3 days from home
- 1 day at work | 4 days from home
- Full time working from home

But it's not just about drawing people back into physical offices. Workplaces will also have to shift and adapt the way they work and communicate to retain top talent as a more fluid labour market returns along with economic recovery, all while figuring out how to best use or reduce their space, and associated costs.

When employees were asked to rank the importance of employer behaviours, their top three priorities were:

- 1. Clarity of what is expected of them in their role.**
- 2. Receiving a realistic expectation on how secure their job is.**
- 3. Feeling as if they can switch off when they are not supposed to be working.**

However, employers are failing to meet expectations in all of these areas.

Personality also plays a role in how important workplace situations and employer behaviours are perceived. **Impulsive Worriers** are nearly half as likely to feel comfortable with their job security (**33%**) compared with **Resilient Completers** (**60%**). They are less likely to feel their employer is genuinely concerned about their wellbeing compared with **Resilient Completers** (**52%** agree that their employer is genuinely concerned about their wellbeing vs. **70%**).

With personality, age, gender and workplace type all playing a different role in how we feel, it's vital employers recognise one size does not fit all – and a holistic approach is needed to benefits and support offerings. Those with low emotional stability will be more likely to neglect their health, and will be harder to reach.

To best help employees thrive amid an accelerating state of ambiguity, employers and managers can kick-start tailored support by personalising conversations with employees and using discussion to create a rounded wellbeing support package that is best suited to individual mindsets and behavioural patterns.

The great workplace exchange

Top three areas of importance for employees

● Reality vs.
● Expectation

Provides clarity on **role**

36%

62%

Provides clarity on **how secure** role is

32%

57%

Enables me to **switch off** when I'm not supposed to be working

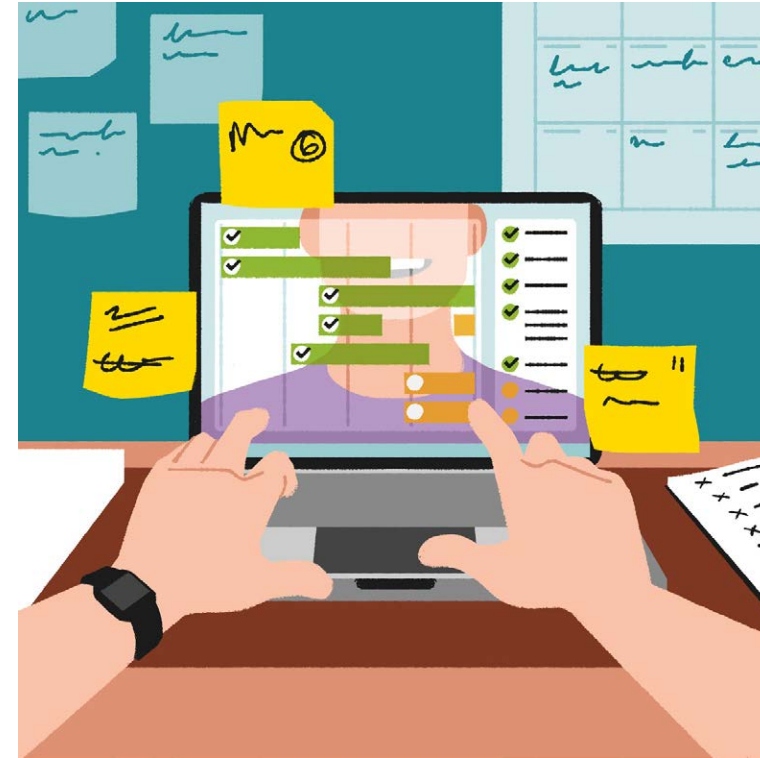
29%

55%



How can employers best personalise support?

The great workplace exchange

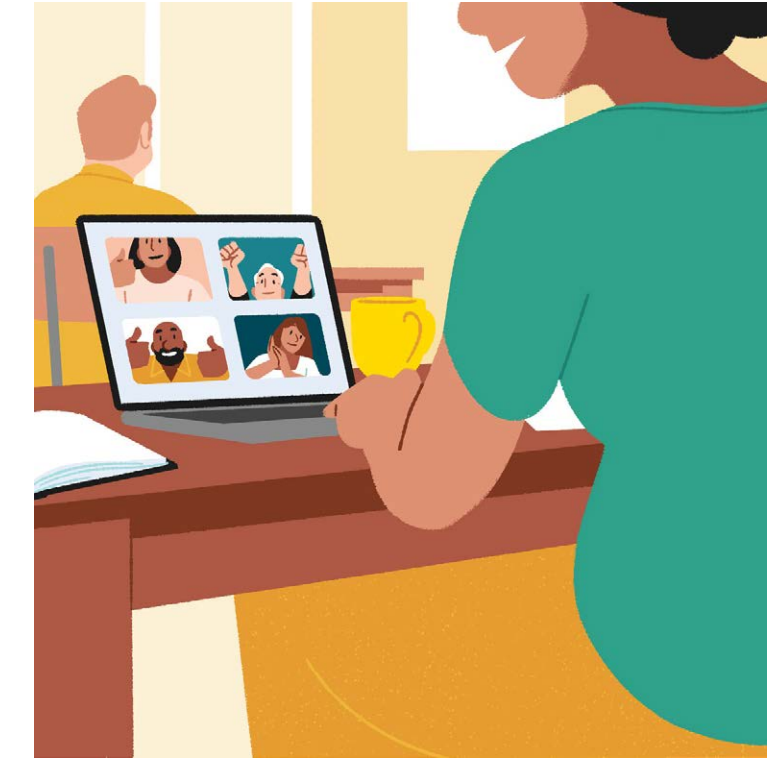


Resilient Completers

Draw on their natural positivity and resilience to help the team get through difficult challenges or periods.

Watch out for complacency or cruising on the job – they are effective and ambitious but can be rigid and get stuck in a rut if not regularly challenged.

Avoid sudden changes of direction – and when they do occur explain clearly the ‘new plan of action’.



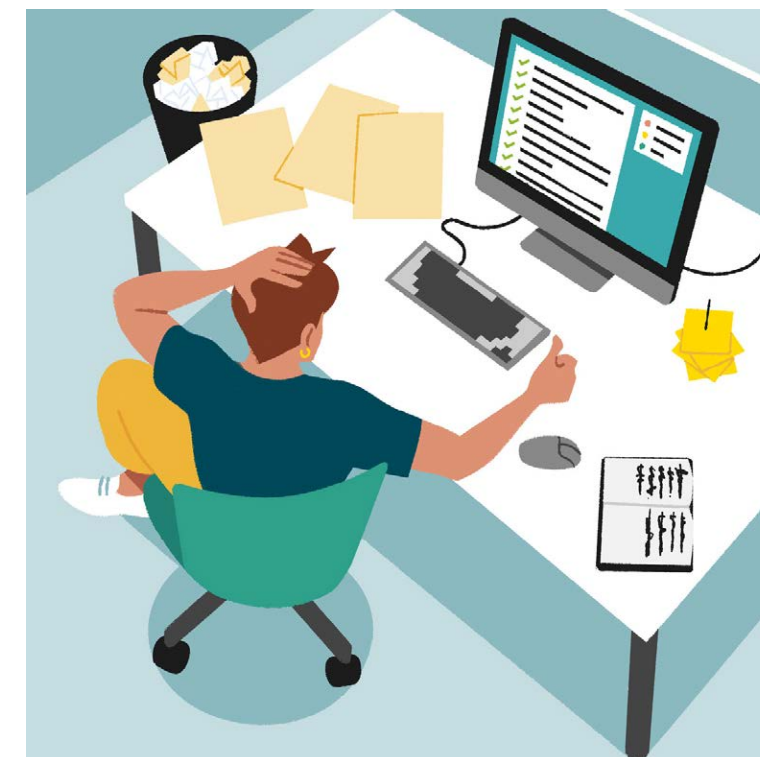
Impulsive Worriers

Acknowledge they need support for resilience and provide it in the context of their specific role.

Check-in regularly around their mental health and keep a track of the ‘pressure profile’ of their role.

Keep the ‘wellbeing conversation’ live – ensure they aren’t worrying about things they don’t need to worry about (e.g. if job security isn’t an issue).

Avoid relying on standardised communications – as an employer, acknowledge they are hard to reach; engage and make plans accordingly.

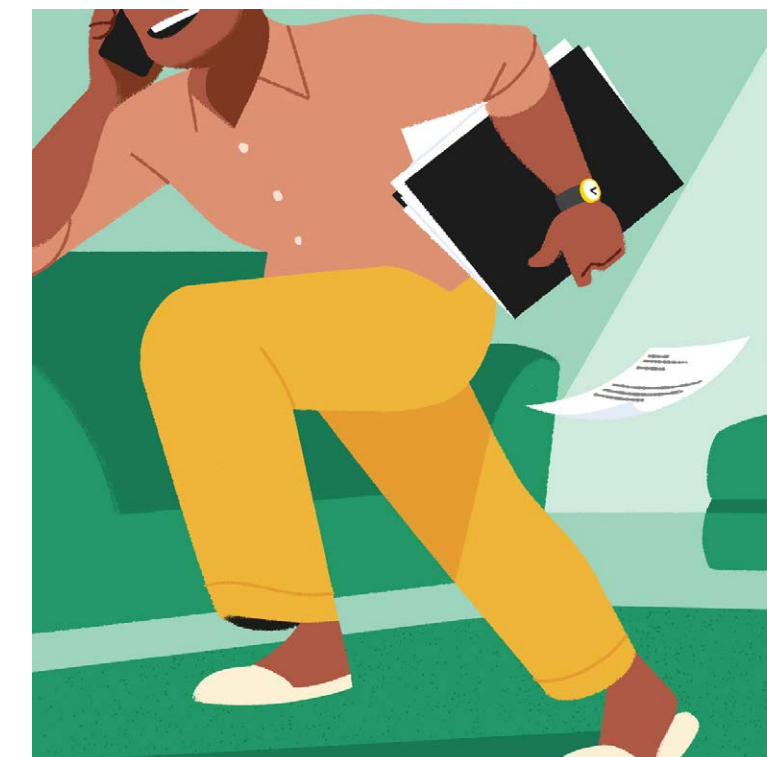


Apprehensive Achievers

Keep goals clear, and provide the structure and process that they value.

If possible, keep change and turbulence in their job role to a minimum. If it does happen, explain why and help them think through the positive as well as the negative consequences.

Whenever possible, avoid asking them to work to tight, high pressure deadlines. Acknowledge any risks and concerns they raise.



Spontaneous Survivors

Look to them in the fast-moving high pressure situations, where adaptability is more important than accuracy and detail.

Self-motivation and organisation is not their strength so consider using tangible rewards and / or recognition to stimulate their motivation and engage their interest.



Navigating a course into later life

How can employers help to
deliver a better tomorrow?



Even before the onset of Covid-19, **ambiguity** was filtering through to people's **confidence** about the level of **control** they will have over their retirement. **Uncertainty** about future income levels, alongside concerns over how the UK will **rebound** from the **crisis**, has intensified employees' **worries** about how they will achieve or maintain **financial wellbeing** in later life.

At the same time, the proportion of the UK's workforce represented by over-50s has increased sharply⁴ over the past decade. This has primarily been driven by households having or needing to extend their working lives to build up enough savings to take them through later life.

This trend has been accelerated by increased job insecurity and disrupted earnings, which is likely to strengthen people's openness to staying in work for longer to boost their pension and other savings. However, accelerating ambiguity has left many people in the dark as to how much more they need to save for retirement, and how much they should be contributing today.

Less than a third (**30%**) of Gen X feel comfortable with what they have in place, despite their proximity to later life, and just **27%** of Gen Y. In today's low interest rate environment, only a quarter of either Gen-X or Gen-Y (**24%** and **25%** respectively) are confident their savings are 'earning money' rather than just sitting dormant.

Employers have a key role to play in helping people use their resources today to thrive tomorrow. This starts with stepping up workplace engagement to help employees learn how to make their finances reach their full potential in each stage of life.

Almost half

47%

of employees do not know how to plan for retirement.

Women are almost twice as likely as men to feel completely unprepared for retirement.



Women



Men

Key findings



Almost a quarter

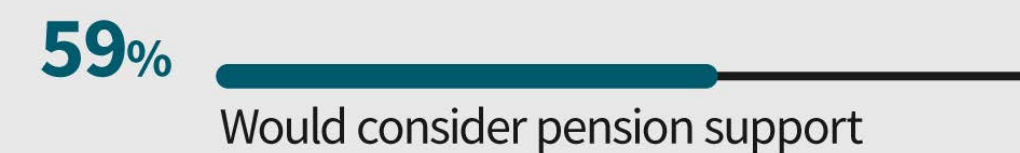
22% don't know what a 'good' amount is to have in their pension or how to manage it.

This increases to 40% for Gen-Z

Employees are more

concerned about being able to retire when they want to, than how much they are paid.

More than half **59%** are open to receiving support from their employer on an adequate pension planning steer.



Uncertainty over the trajectory of earnings, greater job insecurity and present day spending pressures are likely to be exacerbating concerns that workers' preferred retirement dates may not materialise.

Ambiguity and the future of retirement

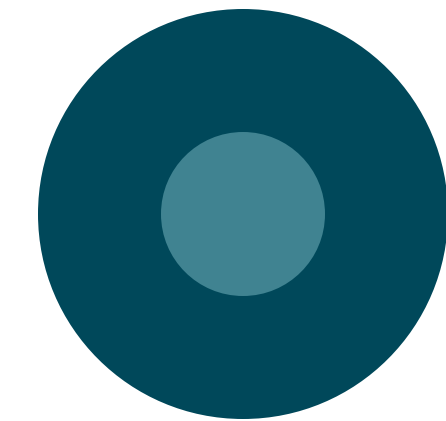
Employees are acutely aware and fearful about not being able to retire when they expect to, with over a quarter (**19%**) stating they are very worried about this. As a result of this ambiguity, fewer people know how much they need to save for their retirement (**52%** vs **61%** before the pandemic).

At the same time, almost half (**47%**) do not know how to plan for retirement, while **42%** have not even **started thinking about it** yet. This knowledge gap, of knowing how to save for retirement, was most stark among **females (57%)** and **Gen-Z workers (63%)**.

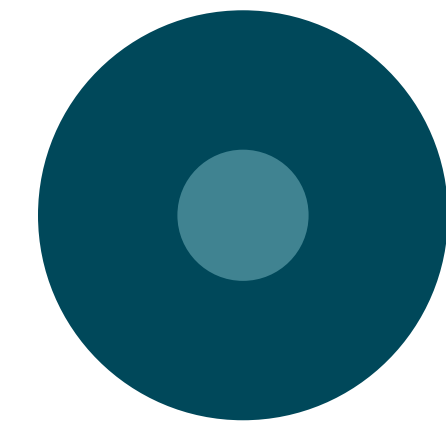
Employers can help tackle this knowledge and engagement gap by **providing information and guidance** to employees on how to maximise their finances for later life, without reducing their current living standards.

Employees who are worried

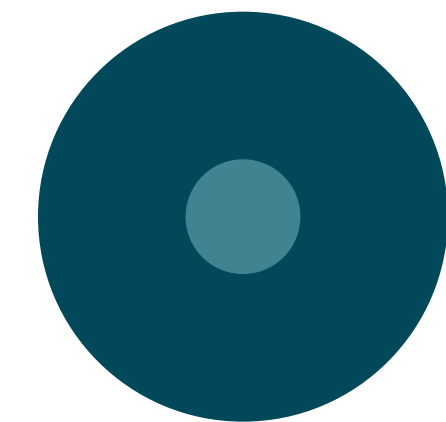
While employees are generally comfortable with key areas of their life, they are most concerned about being able to retire when they want to.



41%
Being able to retire
when I want to



31%
How much I get paid by my employer



29%
That I have **enough leisure time**

Although fewer employees now **agree** they will have to work longer and longer until they retire (**70%** in March'21 vs. **78%** in August'20), the difference between demographic groups is **stark**. Nearly four fifths (**77%**) of those aged between **18-34 agreed** with this statement, compared with just **54%** of those **over 55**. Younger age groups are **most likely** to embrace this idea – three fifths (**59%**) of **Gen-Z** like the idea of continuing to work through retirement – yet even among their older counterparts, significant minorities of **Gen-X** and **Gen-Y (44%** and **49%** respectively) are **positively inclined** towards this option.



Interest in learning more
about various aspects
of saving for retirement
(all ages)

43%

What a **'good' amount**
to have in my **pension**
is for my age

34%

How much I **need to pay**
into my **pension** to afford to
live well when I retire

33%

How much I need to pay
into my pension to **afford**
my **current lifestyle** when
I retire

Whether working longer out of choice or necessity, our research suggests employees would welcome **greater guidance** from their employers on how to manage their finances along the journey. More than half of employees (**51%**) think they will **need support via the workplace** to create an **easier transition** into retirement.

In particular, they are interested in what a 'good' pension pot looks like, and how much they need to be saving to **maintain their current lifestyle**.

This data all points to a **vacuum** in workers' retirement preparedness which employers can fill.

Employers' role in guiding our futures

Protecting employees' financial wellbeing plays a central role in reducing stress, which can help maintain productivity levels through reducing the likelihood of experiencing mental health difficulties.

The introduction of automatic enrolment since 2012 **drastically increased** the number of people putting money into their workplace pension⁵. As more people are now **saving for their futures**, monitoring confidence in retirement preparedness among different demographic groups and different personality types will equip employers with the **right tools** to provide **effective financial guidance and interventions** to support their staff.

But our research reveals certain personality types have better financial wellbeing and feel more on track for the future. As a result, a 'one-size fits all' approach is insufficient in preparing employees for retirement, and there's significantly more to be done.

Those with higher emotional stability have better financial wellbeing and feel more on track for the future they want and find it easier to engage with financial planning.

Almost twice as many **Resilient Completers** (**43%**) feel comfortable they will be able to retire when they want to, compared with **Impulsive Worriers** and **Apprehensive Achievers** (**19%** and **23%** respectively). This suggests that targeted guidance and advice needs to be provided to those personality types who are typically harder to reach regarding planning for life after work.

Protecting employees' financial wellbeing plays a central role in reducing stress, which can help maintain productivity levels through reducing the likelihood of experiencing mental health difficulties.

When employees were asked what could make them happier, having more savings for retirement and for a 'rainy day' (**31%** and **26%**) ranked second and third. This demonstrates there is a correlation between positive financial wellbeing and positive mental wellbeing.

However, personality plays a significant role in shaping preparedness for the future. **Resilient Completers** (**63%**) are more likely to know how much they need pay into their pension to live the life they want to, compared to just **43%**, **39%** and **56%** of **Impulsive Worriers**, **Apprehensive Achievers** and **Spontaneous Survivors** respectively.

Employees who know how much they need to pay into their pension to live the life they want



5. Workplace pension scheme participation over time

Personality partly determines what motivates people to get on top of their finances and the level of stress this activity causes. **Resilient Completers (31%)** are half as likely to find sorting out their finances stressful compared with **Impulsive Worriers (63%)**.

Impulsive Worriers are at the sharp end of poor retirement preparedness, potentially related to low emotional stability. As a result, their needs should be prioritised by employers when offering financial guidance. However, employers need to scale support for all personality types given that almost half (**48%**) of employees do not know what level of savings they need to maintain living standards in retirement.

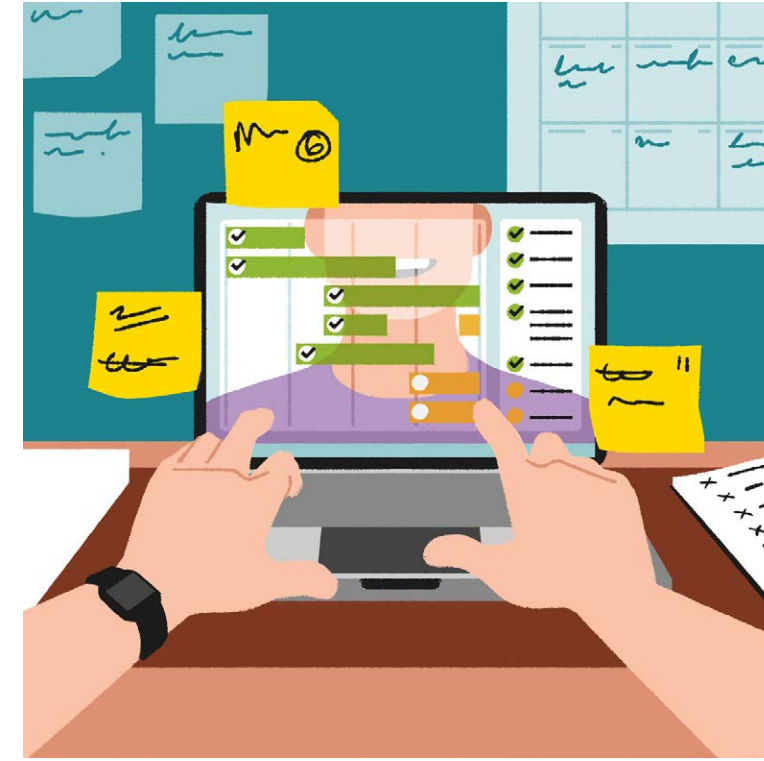
Our research demonstrates to employers that employees with different personality traits engage with financial planning in different ways – some find it easier, some harder. For example, **Impulsive Worriers** are likely to find dealing with the detail and complexity of managing finances stressful and anxiety-inducing, while stress and anxiety are unlikely to be a barrier to **Resilient Completers**. Likewise, **Resilience Completers** and **Spontaneous Survivors** are more confident when thinking about the future compared with the other two types.

Employers should consider how different employees may react to how they frame financial guidance, to improve the likelihood of better engagement levels across different personality types, in order to help them best shape and plan for the future amid ambiguity.

Furthermore, a Living Pension accreditation concept – the pensions equivalent of the Living Wage – should be considered to help employers ensure their workplace pension produces a minimum standard of living in retirement.



How can employers best personalise support?

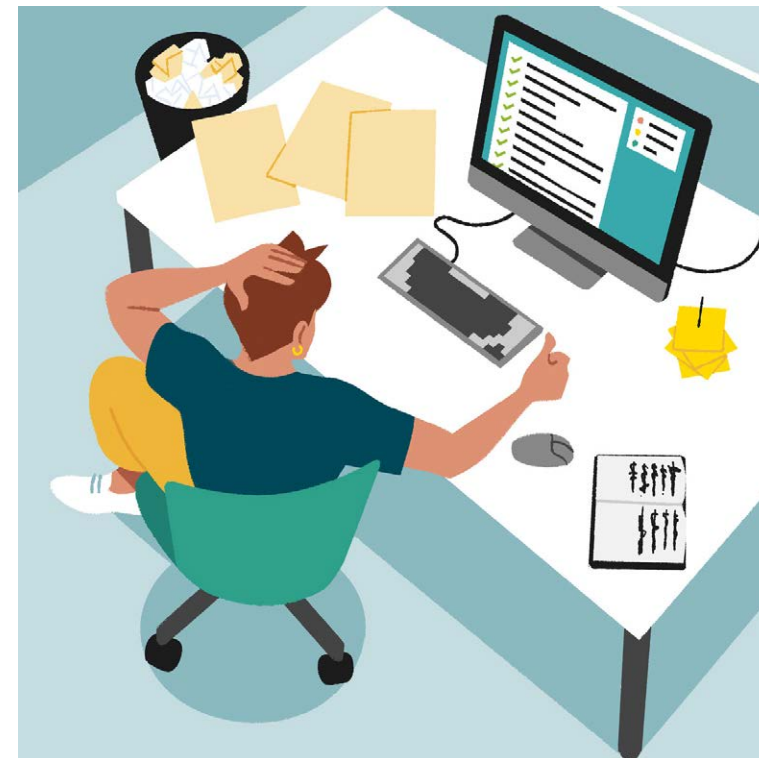


Resilient Completers

Create opportunities to leverage their natural positivity about the future and ‘top up’ their existing knowledge to help them populate their financial and/or life vision.

Help them to understand and plan for what they’d need to do if their circumstances changed radically: they are unlikely to be considering sudden changes of direction actively.

Help them to think about risks inherent in their current plans – they are likely to be comfortable with what they are doing now and there’s a risk they may get fixed on one version of the future. Use concrete examples to broaden their thinking.



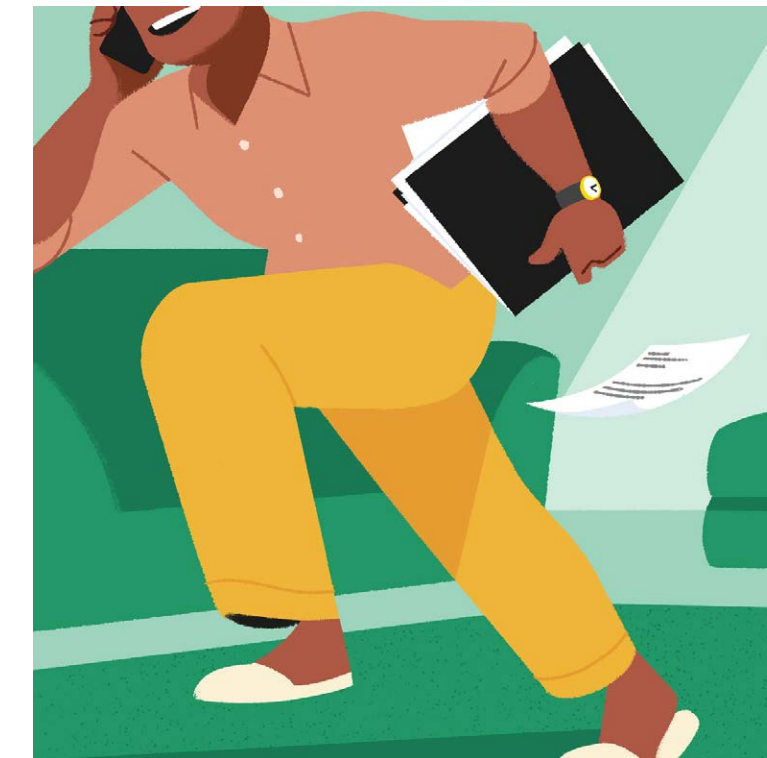
Apprehensive Achievers

Take steps to understand worries that may be preventing them from engaging with financial planning.

People with this personality type are likely to value fact-based evidence: provide it for them to help demonstrate the benefits of planning for the future and to overcome concerns.

Create an unpressurised environment for discussing financial planning so they can give it their full attention.

They are not natural risk-takers: help them to connect any financial risks they’re considering to clear outcomes in the future.

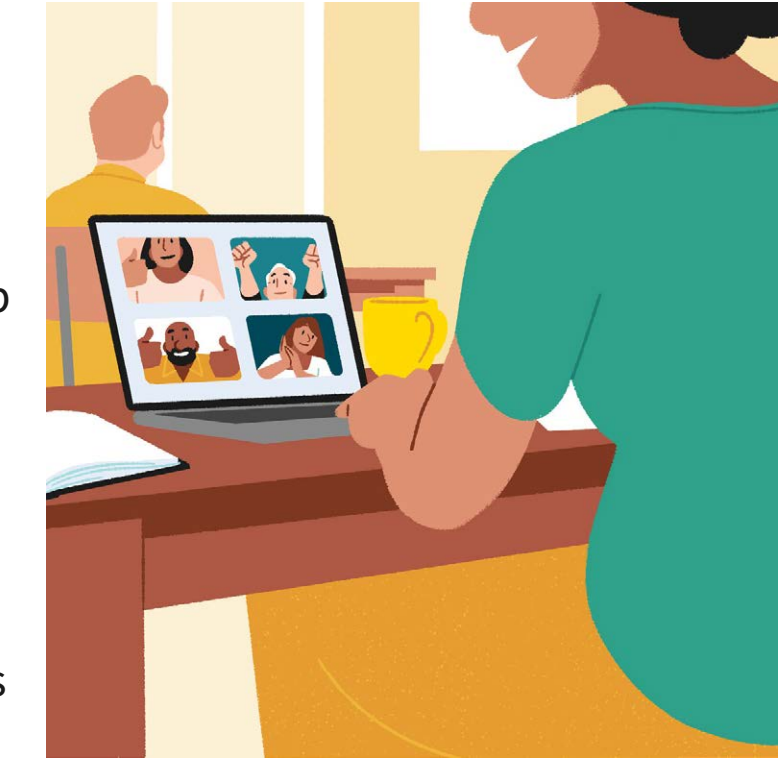


Spontaneous Survivors

Use their natural comfort and confidence about the future as a jumping off point for conversations about financial planning.

However, don’t be afraid to challenge that confidence as it may not always be based on a full appraisal of the facts. Provide information in a concise way to fill in the gaps and challenge assumptions.

Whilst often very resilient, this is a go-with-flow, in-the-moment style and people with it will not naturally think about the future in any detail. Help them to take themselves there with concrete examples and ensure plans are reviewed regularly and not forgotten about. It’s also a risk-taking style, so help them to ensure risks are not taken lightly.



Impulsive Worriers

Challenge unrealistic negative thoughts / beliefs that are affecting motivation to engage with financial planning. People here are not incapable of engaging, they just need specific support to get there.

Give them key knowledge and data that helps with this mindset shift – but don’t overwhelm them with detail as that’s part of why they don’t engage in the first place.

Provide support for mental health and resilience ‘in the now’ to ensure that barriers to engaging with financial planning are removed.

Create active conversations with people with this personality type across your business to understand why they are ‘hard to reach’, make changes to personalise comms.

Recommendations

Aviva recommends the following steps for employers to help employees thrive in the age of ambiguity:

1 Personalising wellbeing and the top-down culture shift

Understanding the need for a personalised approach to employees' wellbeing is key. But it's easier said than done. Employers and managers can kick-start tailored support by personalising conversations with employees and using discussion to create a rounded wellbeing support package that is best suited to their mindset and behavioural patterns. In doing so, employers can help to develop their employees' natural resilience to ambiguity, identify their optimum working pattern and use the most effective engagement methods for them.

But to shift the culture around wellbeing takes a top-down approach, demonstrated through decision-making and personal behaviour. This means re-setting the standards for 'duty of care' – this takes time and commitment. Recent events and insight should act as a catalyst and provide the starting point for new conversations.

We've also learnt flexibility is important to employees, and more will be looking to make home-working practices semi-permanent. The challenge now is to make sure that hybrid working works for all personality types who may encounter it. Employers who recognise the balance of power has shifted and embrace these changes can thrive, allowing employees 'me time' without affecting performance.

Top tips for managers

Embed a culture of wellbeing within your organisation that starts from the top down

Understand and respond to your employees' workplace wellbeing needs

Introduce a workplace wellbeing strategy

Support managers with training and education

2 Financial Wellbeing & Later Life planning

Financial confidence can have a tremendous impact on mental health and vice versa. Financial wellbeing is about feeling secure and in control. It is knowing you can pay the bills today, can deal with the unexpected, and are on track for a healthy financial future.

Appropriate savings levels explained

40-year rule:

Aim to begin saving at least 40 years before your target retirement date

12.5% rule:

Aim to save at least 12.5% of your monthly salary towards your retirement

10 times rule:

Aim to have saved at least 10 times your annual salary by the time you reach retirement age

There are two key elements where employers can play a part:

Financial education

Financial education in the workplace isn't new, but there is now a clear call from employees for individualised support. Providing information in accessible and manageable chunks through a variety of channels and creating a 'safe space' where even the most basic support can be discussed is the first step to a more personalised approach. This will help engage employees in taking control of their financial wellbeing with the support of their employer

Supporting the Living Pension

Pensions saving in the UK has been transformed by auto-enrolment. Since 2012, 10.4 million employees are saving into a workplace pension. However, the success in driving up the number of people saving for retirement hasn't increased employees' confidence that their pension will deliver the income they need in retirement.

However current regulations do not require a workplace pension to deliver a decent standard of living for a typical employee. The minimum auto-enrolment contribution rate is 8% of only a proportion of salary. Even with state pension added to the mix, this won't be enough for many employees.

A Living Pension accreditation – the pensions equivalent of the Living Wage – should help employers ensure their workplace pension produces a minimum standard of living in retirement, which is personalised for the individual employee. This would give employees confidence that they work for an employer who will help provide for their future wellbeing, as well as their immediate needs.

Aviva has previously made a series of recommendations to Government to keep up the momentum of auto-enrolment, which has so far introduced over 10 million people to pension saving.

Top tips for managers

Consider wider workplace savings to help accommodate varied needs for short, medium and long-term savings

Make financial education sessions digital – and available to all workers

Offer member communications promoting easy to take steps such as utilising online tools

Methodology

Employee findings:

Research among 2,000 UK employees working in organisations with over 1,000 employees was conducted independently on behalf of Aviva by Quadrangle in February 2020, August 2020 and March 2021. Not all figures add up to 100% as figures have been rounded throughout the report.

Generations - definitions:

In this report we define the following age groups as:

GEN-X Adults aged 40 to 54 years old	GEN-Y Adults aged 25 to 39 years old	GEN-Z Adults aged 18 to 24 years old
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Personality findings:

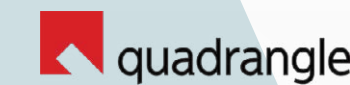
The personality data was collected using Robertson Cooper's i-Resilience tool – a fully validated free online personality questionnaire that collects data on the 'The Big 5' Personality Traits: Extraversion, Agreeableness, Openness, Conscientiousness and Emotional Stability. Additional questions about working life in 2021 were asked, including wellbeing, job satisfaction and performance improvement. A balanced sample of 1,564 employees was used. Robertson Cooper conducted analysis to create the four personas described in this report, with the additional questions used to describe the workplace experience of each group.

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