



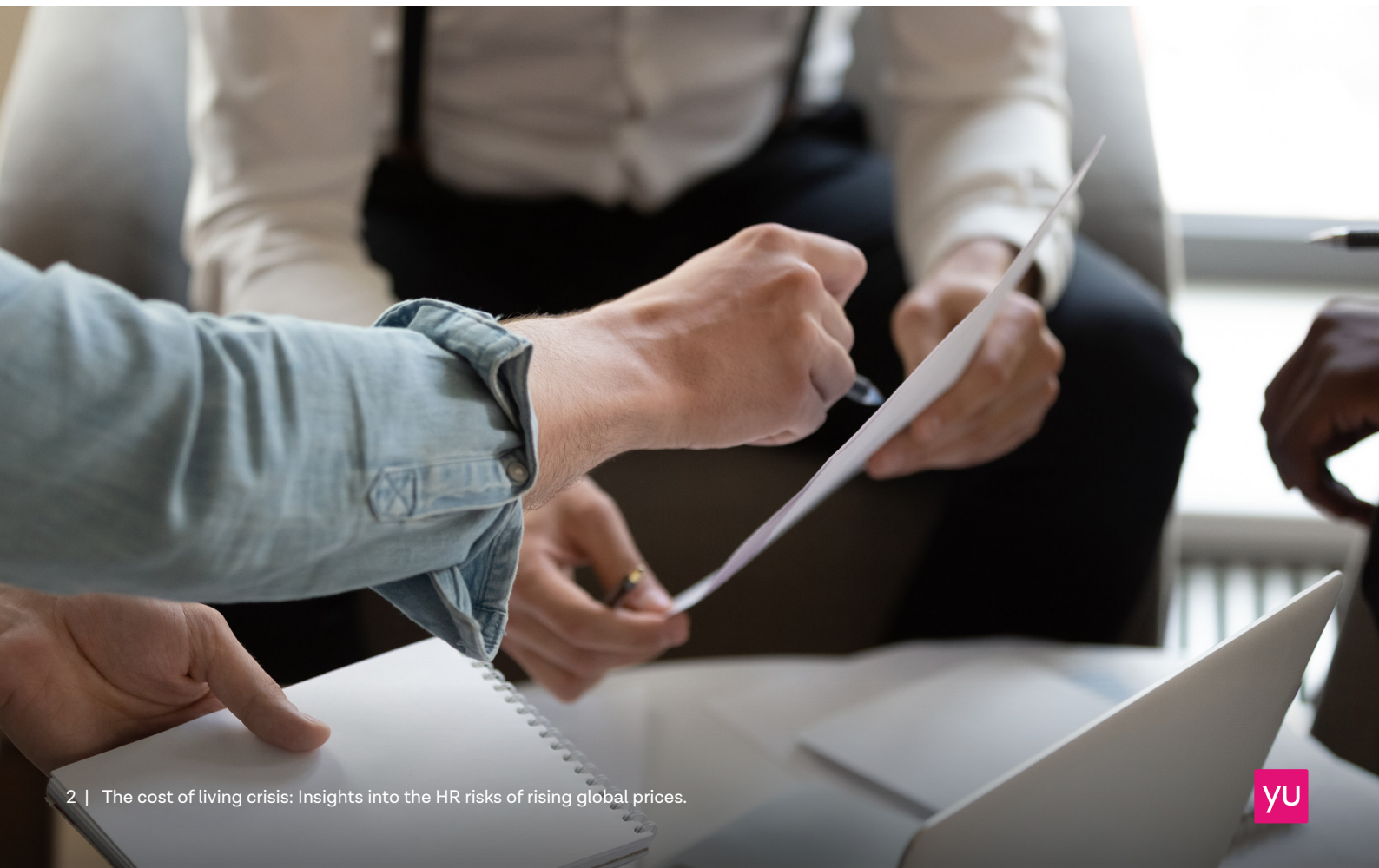
The cost of living crisis.



**Insights into the HR risks
of rising global prices.**

The explosion of inflation around the world and the resulting drop in people's living standards is impacting businesses as much as individuals. Here, we explore how businesses are helping employees...

Introduction	pg. 3
Who does the cost of living crisis affect?	pg. 4
What is the business impact?	pg. 5
The role of employers in the cost of living crisis.	pg. 6
What can employers do to help?	pg. 7
What role does insurance play?	pg. 12
Conclusion	pg. 13





The cost of living is rising – and the world is feeling the impact. Due to a combination of factors, including Russia’s invasion of Ukraine and supply chain problems caused by the pandemic, prices of food, fuel and basic goods are rising inexorably. And the problem is likely to get worse before it gets better.

So what impact will this have, and how can employers help their employees? What are employers’ responsibilities here, and how can business navigate the risks and opportunities posed by this historic challenge? Here, we speak to business leaders, employees and industry experts to find out.

Meet the experts



As Co-Founder and Chief Product and Technology Officer at YuLife, Josh has been part of the founding team that’s re-imagining the world of insurance, building a company which focuses on helping people to be their best selves: mentally, physically and financially.



Ant is a UK Reward Manager at Wolseley. A highly-experienced rewards and employee benefits professional, he is a foundation member of the UK’s Reward & Employee Benefits Association (REBA).



Priyesh is a Financial Planner at Ablestoke Financial Planning LLP, providing financial coaching and planning advice for investments, mortgages, insurance, retirement and beyond.



Lianne is Head of People at Enfuse Group. An HR professional with over 15 years experience working across sectors such as consultancy, media, hospitality and recruitment.



Who does the cost of living crisis affect?

From a media and political perspective, much of the focus has been on the poorest and most vulnerable. But **salaried employees** are feeling the brunt too. In a recent YuLife/YouGov survey, 57% of people say they expect their levels of concern around financial wellbeing to increase. This rises to 65% among 25- to 34-year-olds, and 62% among women generally.

In general, 80% say that they **currently worry** about their financial wellbeing to some extent, which rises to 88% of adults who live in households with children. And one-quarter (25%) of 25- to 34-year-olds worry about their financial wellbeing to a significant extent.

These figures, meanwhile, probably underestimate the scale of the problem – because for many, the impact is yet to be felt.



JOSH HART

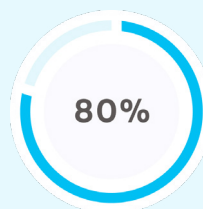
“Reality of the present market conditions are yet to be understood by most employees,” says Josh Hart, CPTO and Co-Founder of YuLife. “Mortgage and rent payments will increase alongside food and travel. In a society that predominantly lives month to month, people are going to have to simply cut costs to a point which not only will reduce quality of life but, for

some, lead to cold toes and rumbling bellies this winter.”

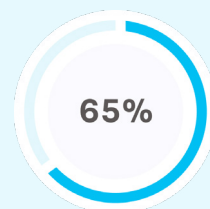
That process is, to an extent, already underway, says Iain Russell of Moneyhub, a money management tool accessible for YuLife users.

“Among our users, we’re seeing **spending behaviour change**,” he says. “Spend is increasing on essential categories like utilities, fuel and groceries, and being reduced for the more ‘nice to haves’ such as eating out, takeaways and entertainment. We’ve also seen an increase in spending for BNPL [buy now, pay later] schemes as consumers look to spread the cost to manage the situation and break down larger purchases.”

The cost of living crisis



of employees are worried about their financial wellbeing.



among 25- to 34-year-olds expect their worries to increase.

1. What is the business impact?

Concern around employees' financial wellbeing is not purely a moral question; it's also a question of good business. Because the stress surrounding the cost of living is not just affecting people personally, but their job performance too.

Our survey found that 80% of workers believe that stress around financial wellbeing can negatively impact performance in the workplace, with 25-34 year-olds feeling the strain more (60%).

Essentially, this becomes a **vicious circle**. According to research by the Money and Mental Health Policy Institute, almost half (46%) of people with unmanageable debts also have a mental health problem. Meanwhile 86% of people with mental health problems say their financial situation makes their mental health problems worse – and that's not surprising. A crucial contributor to our mental health is how we feel about finances, with concerns around cash correlating with mental health impacts.

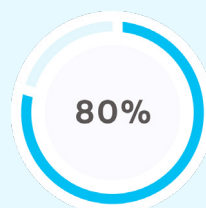
So what does that look like in real-world terms? Firstly, it means **poor productivity**. According to PwC's 8th annual wellbeing survey, 47% of people are distracted or unengaged at work due to financial stress, which impacts the overall productivity of their employer.

Secondly, it means **absenteeism**. Financial stress means employees are five times more likely to take time off work and take on average an extra seven sick days a year, leaving employers with shift fulfillment and staff overtime issues.

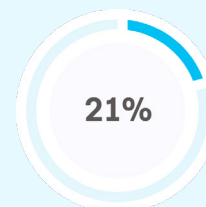
Thirdly, it means **high turnover**: 78% say they are more likely to leave their jobs for another company who cares more about their financial wellbeing. And at a time when many businesses are struggling to fill vacancies, that's a serious challenge.

Consequently, Josh Hart believes “the cost of living crisis is **everyone's problem**. Businesses need to step into their community of employees and look at ways of supporting this moment. If you don't respect the impact this is having on people's lives, they will simply look for businesses that do, and work for them instead.”

Financial stress is affecting employee workplace performance.



of workers believe that stress around financial wellbeing can negatively impact performance in the workplace.



Would feel comfortable discussing financial stress with an employer.

2. The role of employers in the cost of living crisis.

So where exactly do employers' responsibilities lie in this area? Well, it's true to say that businesses have no legal liability to protect and promote their workers' financial wellness, beyond the terms and conditions of their employment contract and the normal statutory requirements surrounding pay and conditions. However, from the perspective of employees themselves, it's a very different story.

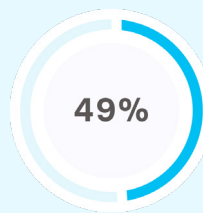
According to a YuLife/YouGov survey, 49% of adults believe it's a **workplace's responsibility** to improve employees' sense of financial wellbeing beyond legal obligations, such as benefit programmes and supplementary pension contributions.

Perhaps more significantly, there's a clear age divide around this view. Among adults aged 55 and above, only 37% consider a sense of financial wellbeing their workplace's responsibility. When it comes to 18- to 24-year-olds, though, that figure jumps to 64%, and for 25- to 34-year-olds, it's 69%.

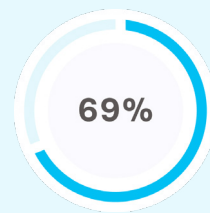
But this shouldn't be seen purely as a burden. In a competitive marketplace, the demand for financial support could **prove advantageous**.

After all, over 61% of survey respondents say that a workplace's ability or willingness to support their financial wellbeing contributes to their decision to join a new workplace, or to stay at their existing workplace.

Employee expectations



Nearly half believe it's a workplace's responsibility to improve their financial wellbeing beyond legal, mandated obligations.



of 25-34 year-olds consider it a workplace's responsibility to support their financial wellbeing.





3. What can employers do to help?

So what can employers do to help employees' financial wellness, at a time of rising prices and falling living standards? There are four broad options, which we explain in detail below.

Increase wages or provide bonuses

The most obvious way that businesses can help employees with the cost of living crisis is to increase wages, provide bonuses, or a combination of the two. And many businesses are doing just that.

They include [Enfuse Group](#), a leading management consultancy working with brands in the UK including McDonalds, The Post Office, The Restaurant Group, and Pizza Express.

"A few months ago we gave all of our employees an extra £1,000 on top of their salaries to help with rising bills," explains the company's head of people, Lianne Baker. "This was not related to our annual salary reviews, which are being carried out in the next few weeks.

"To help us make decisions on this," she continues, "we're looking at inflation and making sure we find a sensible % increase that works for our team and for us as a business. In addition, we're giving everyone on our team a £40 per month wellbeing budget to

spend on themselves. This can be spent on anything that improves their wellbeing, and is very popular."

Wolseley, the UK's largest trade specialist in bathroom, plumbing and heating supplies, has announced a 4.5% pay rise: "The biggest we've paid for a number of years, to try to help - we're doing quite a few things designed to help colleagues with the cost of living at the moment," says Reward Manager Ant Donaldson.



But while every business would love to do the same, that's easier said than done. When rising costs are squeezing profit margins, and the crisis is dampening demand for products and services, the ability to pay people more can become extremely compromised.

As Josh Hart of YuLife puts it: "Business leaders are doing their best to find a path to support staff. But unfortunately, not everyone can increase wages by circa 8%. So other ways must be found to consolidate staff benefits, ensuring maximum value for money."

Aid with money management

An alternative way employers can contribute is by helping employees improve their money management. “The first stage in any personal budget management is understanding your incomings and outgoings,” says Josh Hart. “Pay attention to the pennies and the pounds follow.”

That’s why YuLife membership includes **free access** to the money management app Moneyhub for six months. “When you are time-poor, don’t know where to start or don’t feel in control of your money, this platform aims to drive actions, big or small, to help you feel in control and confident again,” he adds. The [user stories](#) on its website pay tribute to how much difference this can make to individuals.

As Moneyhub’s Iain Russell explains, the platform is just one of a number of tools businesses can wield in helping workers as the crisis starts to bite.

“Employers don’t have unlimited funds to provide inflation-busting wage increases and in fact, the government is actively encouraging firms not to give rises at the moment,” he points out. “So employers need to **think creatively** about how they can help employees ensure their cash goes further, and give them resources and access to important information.

“Making sure they know who they can talk to if they’re worried is vitally important,” Iain adds.

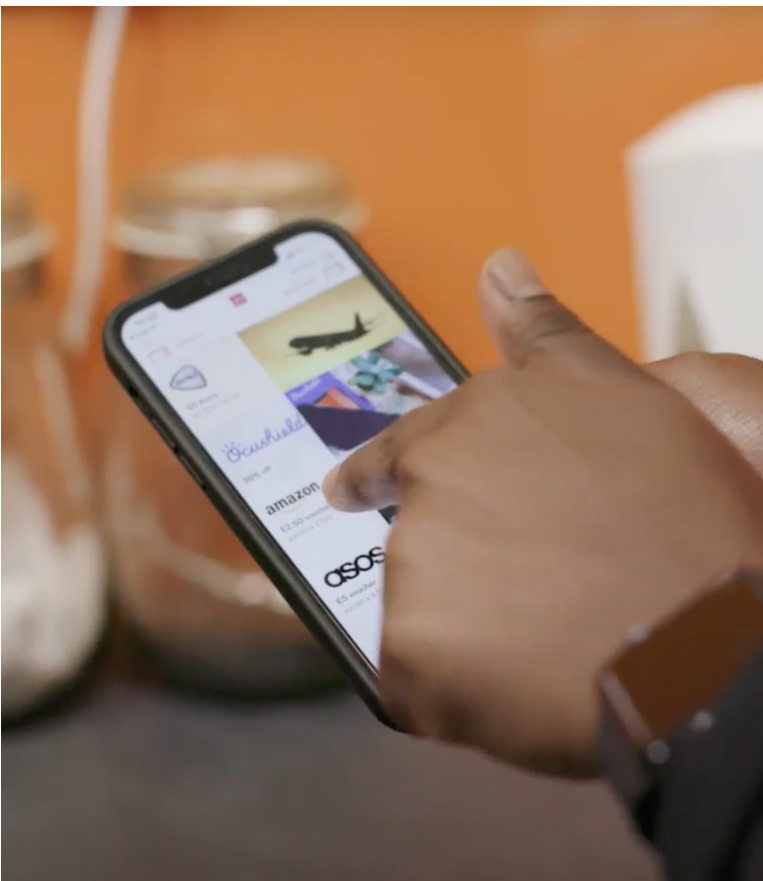
“Some employee benefits offer access to mental health resources too, and so knowing you aren’t alone is key. Just providing access to a link they might not be aware of [\[like this\]](#) can be extremely helpful.”



YuLife and Moneyhub

YuLife provides members with six months’ free access to Moneyhub, a money management app that helps people build good financial wellness habits.

Moneyhub allows employees to group their accounts from different providers, including current accounts, savings, investments, pensions and more, in one central space. Then through clever AI, the app analyses transactions across all these accounts, and auto-categorises them so that it’s easy to see what’s going on. You can learn more about Moneyhub [here](#).



Communicate existing benefits better

A third way businesses can help employees is to make them aware of the benefits they're **already entitled to**.

Ant Donaldson says Wolseley has doubled down on education: "It's very much about looking at what we have, and trying to help our people see that there's more they could get out of it all. We've promoted the YuLife EAP, YuMatter, through webinars and newsletters – there's a lot of financial guidance available in addition to the emotional and mental health support. We've really tried to push those messages to people to remind them of what's available, as well as highlighting all the discount and savings offerings we provide."

Unfortunately, our survey found that around one-quarter of workers (24%) feel their workplace does not **clearly explain** the support it offers.

So why don't employees just ask? Because, quite simply, staff are unwilling to seek help from

bosses directly. The survey found that 66% of workers would be **uncomfortable telling an employer** they're experiencing financial stress, and just 21% say they'd feel comfortable doing so.

It's worth noting that, while 60% of men say they'd be uncomfortable, that figure jumps to 72% for women. Similarly, 29% of men say they'd be 'very uncomfortable' discussing financial stress with an employer, but for women that figure rises to 37%.

For employers looking to reinvigorate the conversation around the benefits package they offer to their teams, there are three things that can really make a difference to staff understanding and engagement.

Educate, and be clear

Often, employees don't fully comprehend the benefits they have access to. For instance, many think that their death in service protection is only paid out if they die whilst in the office. Given the war on talent, making the additional value you're offering clear can help elevate talent attraction. Consider producing a simple FAQ sheet that covers the basics around the current policies available.

Make it relevant

Position the benefits your organisation offers in the context of the cost of living crisis, to highlight how they can benefit from what is available. During periods of uncertainty and stress, people can see opportunities for support in a new light, compared with when they first heard about the offering during onboarding.

Reassure with EAP

Services such as EAPs, which move beyond just mental health support, can be a vital anonymous resource for employees to self-serve and seek help in a way that suits them. This enables them to address issues before they impact their personal life and professional performance. Education is needed to highlight how EAPs can help as a preventative measure – not just for a crisis point.

Communicating benefits to employees becomes easier with YuLife, because YuLife provides businesses with a **centralised hub** that makes it easy for people to access benefits. And because members earn ‘YuCoin’ for doing walking and meditation tasks, that means they typically use the app regularly.

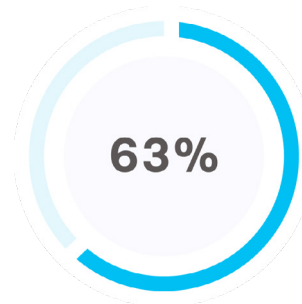
On average, only 20% of employees engage with health and wellbeing benefits, according to HR Magazine. But 72% of employees download the YuLife app, 43% have used it at least once in the last month, and 17.4% log on up to five times a day.

And the cost of living crisis is only accelerating this trend. “We’ve recently seen a big increase in the number of employees exchanging their YuCoin for **supermarket vouchers**, giving a tangible benefit of feeding the family,” reveals YuLife’s Josh Hart.

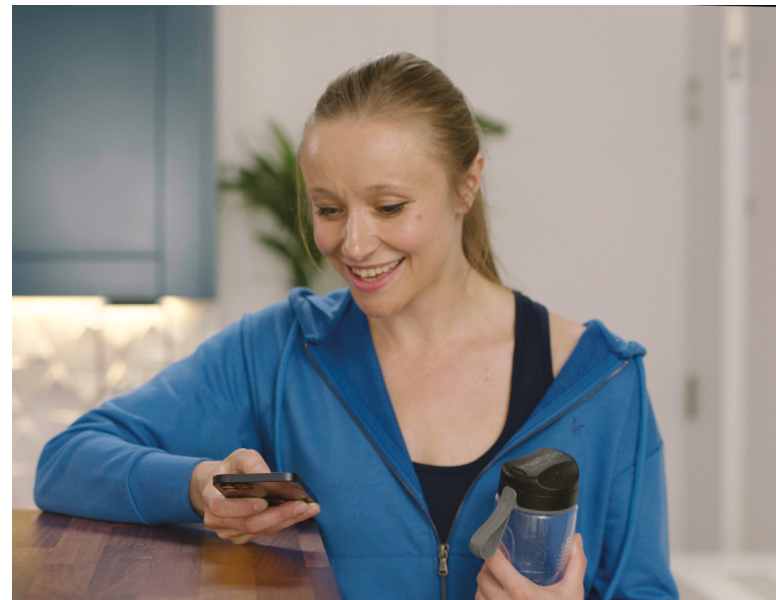
“We’re also seeing organisations looking to get more from their **hard benefits** like life insurance, and reduce the softer auxiliary benefits,” he adds. “So I like to think YuLife replaces the company’s life insurance for 10% more cost, but 10 times the benefit for the employee.”

Wolseley’s Ant Donaldson believes the increased appreciation of insurance was triggered by the pandemic: “People felt more vulnerable health wise during the pandemic. Having good standards of life cover, private medical cover available to people, is valuable.” But again, Wolseley is taking the time to remind people of

what’s available as the cost of living rises. “We remind people of what is in place. For example, when people take out a mortgage and they’re encouraged to take out life cover by their lender. If we can remind them that they have four times salary life cover by working for us, they can save paying out for that – that’s another saving, potentially.”



A quarter of workers feel that their workplace does not clearly explain the financial support it can offer them.



We believe that for employee benefits to deliver their full potential, requires an understanding of behavioural science: YuLife puts benefits into the palm of each employee, makes them easy and fun to use, and triggers them to use them during key moments to reaffirm the businesses benefit offering.”

Josh Hart



Help with financial planning

Over the longer term, financial wellness relies on planning ahead. And so any help your business can provide to employees with financial planning can make a huge impact.



As Priyesh Patel of [Ablestoke Financial Planning](#) explains:

“When you give financial coaching, you’re preparing people for what could happen, and making sure they have **provisions in place** to manage things they can’t control. So we always advise clients to have emergency funds, as well as planning for the future, to actually have that buffer in case things don’t go to plan.”

He also encourages clients to apply the **70-30 rule**, where they never spend more than 70% of their income on fixed and flexible outgoings. “Because there are certain things you can’t control, including the cost of living,” Priyesh reasons. “Living by that 70-30 rule gives you room for manoeuvre.”

Of course, that’s not so easy for people who are struggling with their budgets in the here-and-now. But even with new clients who are dire straits, Priyesh says there can be tweaks and changes that people can make to improve the situation.

“What we do is go through a **budget planner in detail**,” he explains. “So while there’s nothing we can do about petrol increasing in price, what we

can work on is what people can change in their **monthly expenditure to remedy that**. For example, **rent or mortgage tends to be people’s biggest expense**. So if we can save people money in that area, then that makes a **dramatic difference**, giving them the capacity to deal with an increase in cost of living.”

Often there’s room for manoeuvre, Priyesh points out, precisely because **people haven’t done this deep dive in the past**.

“So if someone, for example, has a fixed-term mortgage that’s ended, and they’re on the variable rate, it might never have affected them previously, because they weren’t suffering the cost of living crisis,” he explains. “The fact that they were paying more on their mortgage than they needed to wasn’t on their radar. They weren’t aware of it because money was coming in, money was going out. There was money left at the end of the month, and it didn’t hurt as much.”

And it’s not just mortgages; the same principle applies to **expenditure across the board**.

“**Because actually, when things are going well, you don’t notice you’re paying more for certain things than you should do**,” notes Priyesh. “**You’re not actually going through all of your bills, trying to work out where you can save money, because actually everything’s okay**.”

“**So the cost of living crisis in the short term might be a shock**. But in the long term, it might be a good thing, because it forces people to look at, **‘Where am I actually spending my money? And actually, what can I do to save money?’**”

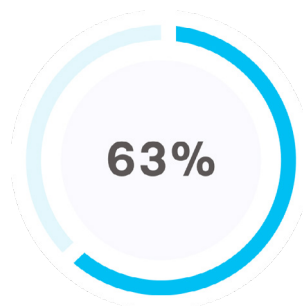
What role does insurance play?

One of the biggest causes of stress during the cost of living crisis isn't so much budgeting in the here-and-now, but understandable concerns about the future. And of course, having a robust life insurance policy can go a long way to relieving that stress.

In a YuLife/YouGov survey, 48% of respondents said that life insurance is important to their sense of financial wellbeing, rising to 63% amongst those who live in households with children. From a range of options, a plurality – 30% – chose income protection or critical illness cover as their favoured policy a workplace can offer.

With the cost of living crisis making us all more uncertain about our future, life insurance will inevitably become more and more important. However, the type of life insurance people seek out may vary, believes Josh Hart of YuLife.

“Certain benefits are hard and some are soft,” he explains. “Life insurance is a basic requirement for those with dependents. However, I think there will be a general trend towards flexible schemes to reduce costs, while giving employees greater agency in their selection of financial benefits, which may shrink the overall market in the short term.”



Of parents believe that life insurance is important to their sense of financial wellbeing.





In Conclusion.

While the cost of living crisis presents multiple challenges, it's not all bad news for business. For those who respond in the right way, the crisis offers an opportunity to retain staff and recruit the best talent.

That's because, somewhat counterintuitively, during a time of crisis employees are not solely focused on salary.

In a YuLife/YouGov survey, 61% say that a workplace's ability or willingness to support their financial wellbeing contributes to their decision to join a new workplace or to stay at their existing workplace. Which means that even if you're not able to pay the best salaries, you may still be able to steal a march from your clients if you have the best financial wellness policies.

During the cost of living crisis, that means pursuing policies that are tightly focused on improving employees' financial wellbeing. This will probably include a combination of the following: increasing wages, providing bonuses, helping with money management and financial planning, and improving communication of existing benefits. It also involves providing a solid life insurance policy,

to allay fears for the future that are being magnified under the current cost of living crisis.

Solutions, of course, will vary from business to business, and industry to industry. But perhaps the most important things are to keep a close eye on the changing economic situation, and keep listening to your employees about the challenges they face, and how you can help them navigate this difficult period.

As Lianne Baker of Enfuse Group says: "We don't have endless resources to offer, but we're always looking for ways to improve our benefits to keep our team happy. So we listen to what people would get the most from. We continue to monitor the market and ensure – and we ensure we're always being fair to our employees, benchmarking salaries and benefits, and keeping an eye on inflation."



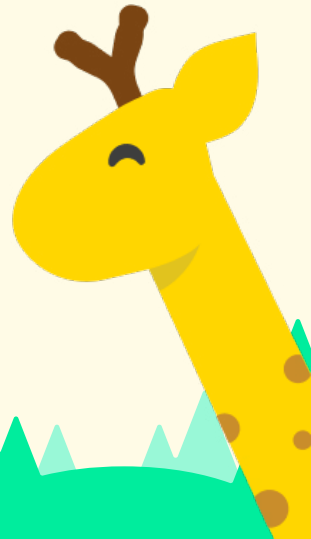


About YuLife

YuLife is a tech-driven group risk insurance company on a mission to inspire life and turn financial products into a force for good by harnessing the power of gamification and the latest behavioural science, to reward healthy living and put everyday wellness within reach of everyone.

YuLife is using behavioural science combined with elements of game design to motivate people to improve their lifestyle. Focusing on small, achievable goals, which are reinforced by friendly competition with colleagues and positive reinforcement through rewards and benefits, people are engaging with YuLife's app to change how they live – with the data to prove it works.

Let's talk!



YouGov®

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2035 adults. Fieldwork was undertaken between 15th - 16th March 2022. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).