

How financial stress can hurt your career

By [Money-Rates.com](#) | 11/24/14 - 08:00 AM EST **Exclusive FREE Report:** *Jim Cramer's Best Stocks for 2015.*

Dave Edwards knows that financial worries can make employees less productive at work. He's seen it happen.

Edwards, president of New York City's Heron Financial Group, once hired an employee who had racked up massive amounts of debt. Edwards, not surprisingly, gave the employee plenty of guidance on gradually erasing that debt. The problem? The employee became obsessed with his debt. He spent hours each workday viewing his bank account and transferring balances from one credit card to the next.

As a result, the employee was no longer producing quality work. Edwards says he had no choice but to fire him.

"I gave him three warnings," Edwards says. "But it got to the point where he was no longer functioning at work. I needed him to get his personal life under control so that he could do the job I was paying him to do. He couldn't do it, so I had to take action."



Edwards isn't alone. Employers commonly struggle with workers who are too distracted by financial worries to be productive at work. A total of 70 percent of human resource executives in a new study by the Society for Human Resource Management said that they have seen financial worries have a large or at least some negative impact on employees at their companies.

The good news? Employers and employees can each take steps to make sure that financial worries don't torpedo workers' job performance.

Financial stress at work

Shawn Gilfedder, president and chief executive officer of East Windsor, N.J.-based McGraw-Hill Federal Credit Union -- the financial institution that sponsored the Society for Human Resource Management study -- says that employers shouldn't be surprised when their workers let financial fears drag down their on-the-job performance. It's not easy for workers to concentrate on invoices and spreadsheets when they're worried about paying their rent.

"Financial worries don't go away just because someone's at work," Gilfedder says.

How serious is this issue? According to the Financial Wellness in the Workplace study, 41 percent of human resource executives said that at least some employees at their firms

were struggling with work tasks because they were worried about an overall lack of funds to cover their personal expenses. Nearly 25 percent of respondents said that employees at their companies were experiencing more financial challenges now than they were 12 months ago.

In a result that doesn't bode well for retirement planning, 60 percent of human resource executives said that employees at their companies were more likely to request a loan from their [retirement savings](#) today than they were in previous years.

Approaches for employers

What can employers do to ease some of this financial stress? Gilfedder says that employers can attack the problem by offering financial education programs to their employees.

Many employers already offer health seminars designed to help employees quit smoking or lose weight. They should consider boosting the financial knowledge of their employees as a health matter too, Gilfedder says.

"Many employees are struggling just to cover their daily expenses," Gilfedder says. "They are dealing with increases in the cost of living. They might be working in areas where the cost to have children in daycare is equivalent to a mortgage payment. These issues place real stress on people, and it can negatively impact their health."

Financial wellness programs should include workshops on budgeting, reducing expenses, managing credit card debt and maintaining healthy debt-to-income ratios, Gilfedder says. They should also be targeted to specific groups of employees.

Millennials are probably more interested in budgeting, saving and paying off student-loan debts. Baby boomers and members of Generation X might worry more about determining how much money they need for retirement. Employers, then, should offer workshops or seminars geared to employees of all ages. Merely holding retirement-planning seminars isn't effective when many workers are just out of college, Gilfedder says.

Tony D'Amico with the Fidato Group, a wealth management company in Strongsville, Ohio, says that employees have to avoid financial education that steers their workers toward a particular financial product or provider. He adds that employers need to offer their financial wellness programs at a time that is convenient for employees. Attendance at these events will be higher if they are held in the middle of the work day. They'll be lower if employers hold them after hours, D'Amico says.

Approaches for employees

The onus of relieving financial stress doesn't lie only with employers. As D'Amico says, employees should bear some of this burden too. "It's not enough for employees to just attend these seminars," D'Amico says. "It can't just be an intellectual exercise. Employees need to take action too."

Fortunately, even small changes can help employees manage their financial stress. Something as small as updating an outdated beneficiary form can have a positive impact, D'Amico says.

"Sometimes it's all about taking baby steps," he says. "Those little steps can provide a bit of relief. Employees feel like they are finally getting their ducks in a row. That leads to them taking another step. It builds positive momentum."

While the human resource study does contain some alarming statistics, Gilfedder says that businesses are increasingly taking steps to boost their employees' financial security.

"This is an emerging trend," Gilfedder says. "Businesses are increasingly recognizing that their employees will be more effective if they're not weighed down with financial worries. You can't force employees to make better financial decisions. But you can give them the tools they need. I think businesses recognize that providing this education is a tool that they can use to create a more productive workplace. And that's a powerful incentive for them."