Total well-being

A comprehensive approach

Connecting the dots between health, wealth, work, and life
Employers are more invested than ever in the well-being of their employees, devoting considerable resources to a wide range of benefits. And the vast majority of plan sponsors say well-being is vital to their business strategy.

For many employers, that means offering a suite of benefits to improve employee health and financial wellness, and measuring related outcomes through siloed assessments. But this approach views health and wealth in a vacuum that excludes two critical dimensions of well-being: work and personal life.

About half of employers offer a formal total well-being program, and fewer still are connecting well-being to business outcomes—letting actionable insights about how to improve their benefits slip away.

9 out of 10 employers indicate that total well-being contributes to their overall HR and benefits strategy¹

5 out of 10 offer a total well-being program¹

3 out of 10 have connected employee well-being to key business outcomes²
Defining and measuring total well-being

Fidelity believes building a holistic view of total well-being that links health, wealth, work, and life is the foundation on which employers can evaluate, optimize, and personalize benefits. Our Total Well-Being framework affords plan sponsors the ability to:

- Define and measure total well-being for their workforce.
- Discover deep-dive insights into the health, wealth, work, and life of employees.
- Reveal intricate connections among domains of well-being and advance understanding of the “root causes” of issues employees may have.

These insights will help employers better understand the connections between employees’ finances, health, life and work; pinpoint areas of particular need; and identify solutions to drive improved outcomes.
Key insights

Working closely with academic researchers from the Stanford Center on Longevity and Cornell University, Fidelity developed a comprehensive Total Well-Being Assessment and tested it in a national survey of more than 9,000 retirement plan participants. Here are some key insights from the research:

- 68% of people are unwell in at least one domain of well-being.
- 53% miss six or more days of work a year (not including vacation).
- 39% are sedentary for at least 9 hours per day.
- 36% have less than 3 months of income saved in case of emergency.
- 12% have unpaid medical bills.
- 22% are frequently stressed.
- People who are highly stressed are less likely to get an annual medical checkup.
- Absenteeism is 29% higher among people who don’t have enough emergency savings.
- Work is the #1 source of stress for most people.
- 68% of people are unwell in at least one domain of well-being.
Fidelity’s Total Well-Being Score

To measure the total well-being of workers, we created an overall well-being score as well as scores within each equally weighted domain. The scoring is grounded in leading research theory and gold-standard public health recommendations.

**FINANCIAL 25%**
- Budgeting
- Debt
- Savings
- Protection

**HEALTH 25%**
- Physical health
- Mental health
- Healthy behaviors

**WORK 25%**
- Engagement
- Demands
- Resources
- Productivity

**LIFE 25%**
- Personal satisfaction
- Sense of purpose
- Stress
- Relationships
Doing well, on the surface

We applied our research to score survey respondents on a scale of 0–100 and divide them into four categories. We consider those in the “at risk” and “fair” categories unwell, while those in the “good” and “excellent” categories are well.

Although only **one in four** people are unwell overall, **two in three** are struggling in at least one domain. We take a deeper look at each domain on the following pages.

<table>
<thead>
<tr>
<th>24% UNWELL</th>
<th>77% WELL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1% AT RISK (0–40)</td>
<td>71% GOOD (61–80)</td>
</tr>
<tr>
<td>The rare person who is truly at risk is struggling in all domains.</td>
<td>Most people have some room for improvement and may be struggling in one of the four domains.</td>
</tr>
<tr>
<td>23% FAIR (41–60)</td>
<td>6% EXCELLENT (81–100)</td>
</tr>
<tr>
<td>Nearly one in four is struggling in most domains and needs a robust set of solutions.</td>
<td>Flourishing across the board.</td>
</tr>
</tbody>
</table>

*Note: Percentages add up to more than 100% due to rounding.*
Financial: The struggle is real

More employees are unwell financially than in any other domain. While income is an important driver of financial wellness, higher income is no guarantee of financial wellness—and lower income doesn’t preclude it.

WHAT WE MEASURED

- Budgeting, including expense-to-income ratio and timely bill payments
- Debt, including debt-to-income ratio, credit score, and types of debt
- Savings, assets, and projected income in retirement
- Protection, including emergency savings, insurance coverage, and financial planning horizon
- In all cases, we looked at both objective measures (how people are doing) and subjective measures (how people are feeling about it).

HOW WE DEVELOPED THE SCORE

Our approach to measuring financial wellness is based on our previously validated and industry-leading assessment. For details, see "What it means to be financially well: A comprehensive measurement framework."³

WHAT TO WATCH:

- Debt

BIGGEST PAIN POINT:

- Budgeting

BIGGEST STRENGTH:

- Saving

Essential expenses as a percent of take-home pay

<table>
<thead>
<tr>
<th></th>
<th>9%</th>
<th>33%</th>
<th>44%</th>
<th>14%</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT RISK (0–40)</td>
<td>68%</td>
<td>53%</td>
<td>41%</td>
<td>28%</td>
</tr>
<tr>
<td>FAIR (41–60)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOOD (61–80)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXCELLENT (81–100)</td>
<td></td>
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</table>

Monthly debt payments as a percent of monthly take-home pay

<table>
<thead>
<tr>
<th></th>
<th>9%</th>
<th>33%</th>
<th>44%</th>
<th>14%</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>40%</td>
<td>28%</td>
<td>18%</td>
<td>7%</td>
</tr>
<tr>
<td>28%</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>18%</td>
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</tr>
<tr>
<td>7%</td>
<td></td>
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</tbody>
</table>

Retirement savings rate

<table>
<thead>
<tr>
<th></th>
<th>9%</th>
<th>33%</th>
<th>44%</th>
<th>14%</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>5%</td>
<td>8%</td>
<td>13%</td>
<td>18%</td>
</tr>
<tr>
<td>8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Financial planning time frame

<table>
<thead>
<tr>
<th></th>
<th>Next few months</th>
<th>Next year</th>
<th>Next 5–10 years</th>
<th>10+ years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income range</td>
<td>$23,000–$98,000</td>
<td>$33,000–$150,000</td>
<td>$53,000–$225,000</td>
<td>$68,000–$325,000</td>
</tr>
</tbody>
</table>
Health: In good shape, but ...

Employees have the highest score in the health domain, likely because survey participants were all employed full-time and presumably healthy enough to work. Fewer than 1% of participants are “at risk” in the health domain, compared with 5–10% in other domains. But that doesn’t mean the population is perfectly healthy.

![Imagery showing health statistics]

**What we measured**

**Health Status**
- Self-rated health
- BMI
- Chronic conditions
- Emotional distress

**Health Behaviors**
- Physical activity
- Sleep
- Nutrition
- Tobacco use
- Preventive care

**How we developed the score**

Our index of health wellness measures key indicators and guidelines established by the American Heart Association (AHA), as well as the Centers for Disease Control and Prevention and Rand Health. Where possible, health items are scored relative to established guidelines and/or targets. For instance, BMI is scored relative to the AHA target of 25, sleep is scored relative to the recommended 7 hours, and so forth.

<table>
<thead>
<tr>
<th>Metric</th>
<th>0.3% AT RISK (0–40)</th>
<th>11% FAIR (41–60)</th>
<th>57% GOOD (61–80)</th>
<th>32% EXCELLENT (81–100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting exercise recommendations</td>
<td>29%</td>
<td>47%</td>
<td>74%</td>
<td>93%</td>
</tr>
<tr>
<td>Average hours of sleep per night</td>
<td>5.5</td>
<td>6</td>
<td>6.6</td>
<td>7</td>
</tr>
<tr>
<td>Overweight/obese</td>
<td>100%</td>
<td>95%</td>
<td>82%</td>
<td>39%</td>
</tr>
<tr>
<td>Tobacco use</td>
<td>75%</td>
<td>37%</td>
<td>9%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Hours of sedentary time (mean)</td>
<td>10</td>
<td>7.4</td>
<td>8.6</td>
<td>6.2</td>
</tr>
</tbody>
</table>
Work: A mixed bag

Survey participants reported mixed feelings about their work. Most employees say they are satisfied, interested, and focused on the job, and agree they are fairly compensated and recognized for a job well done. But many struggle with limited opportunities for professional growth and feelings of burnout.

Biggest strength: Attendance record

Biggest pain point: Demands on time

What to watch: Opportunities for growth

<table>
<thead>
<tr>
<th>Satisfied with their job</th>
<th>0.6%</th>
<th>13%</th>
<th>70%</th>
<th>99%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied with compensation</td>
<td>10%</td>
<td>31%</td>
<td>70%</td>
<td>94%</td>
</tr>
<tr>
<td>Feeling burnout at work</td>
<td>63%</td>
<td>14%</td>
<td>1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Days of work missed (absenteeism; mean)</td>
<td>9</td>
<td>7</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

AVERAGE SCORE 63

WHAT WE MEASURED
- Engagement, including interest and satisfaction with work
- Resources, including compensation and opportunities for professional growth
- Demands, including time and emotional demands
- Productivity, including absenteeism

HOW WE DEVELOPED THE SCORE
We referenced the leading research framework of employee engagement, the Job Demands–Resources Theory.5
Life: It’s a stressful journey

Most people are happy and satisfied with their lives and derive meaning from their close relationships. But they are also feeling a lot of stress, especially from their jobs and their finances. Many also are missing out on the social and emotional rewards they could gain from being more connected to their communities.

**What We Measured**

**Personal**
- Life satisfaction
- Happiness
- Life stressors
- Sense of purpose and meaning

**Social**
- Number and quality of close personal relationships with family, friends, and coworkers
- Group engagement and volunteering

**How We Developed The Score**

We referenced leading academic models of psychological well-being to look at what contributes to happiness and life satisfaction.⁶
5 types of workers

While the averages for each domain are all “good,” people don’t tend to have average scores across the board. Instead, we found they tend to fall into one of five categories, and they aren’t always income driven. Many people with high income struggle with life and work, while there is a sizable group that is struggling financially but is doing well in other areas.

**BARELY SURVIVING**
10% are unwell in all domains aside from their health, which barely qualifies as good.

**WORK-LIFE IMBALANCED**
25% struggle in work and life despite high levels of health and wealth—not to mention above-average incomes. They embody the axiom “money doesn’t buy happiness.”

**THRIVING**
20% have good-to-excellent well-being across all domains. For people in this group, life is good.

**GETTING BY ON A SHOESTRING**
20% clearly need financial support, yet otherwise manage adequate levels of well-being.

**LIVING WELL ON LESS**
25% struggle financially despite high well-being in their health, work, and life.

Although these two groups are similar, those who are “living well on less” have significantly higher scores across the board.
Tying it all together

There is ample evidence that all the domains of well-being are connected, but addressing employee pain points requires teasing apart symptoms from root causes. To infer cause-and-effect relationships from our data, we used Bayesian Network Analysis, an Artificial Intelligence technique. This yielded two key findings:

- Health is vital to total well-being. Without health, well-being in financial, work, and life domains—in other words, being “wealthy, engaged, and happy”—is an elusive goal.

- Work-related well-being is more likely to result from—rather than drive—financial, health, and life wellness. This suggests investments in employee well-being outside the workplace can yield benefits in terms of engagement at work.

The impacts of each domain

The arrows indicate the direction of impact, and their relative thickness indicates the strength of the connection:
Case study: Meet medical Bill

Bill’s had a rough year, and it’s starting to show in his performance at work.

It started with a simple household accident—a fall from a ladder that resulted in a fractured wrist. Like many of his peers, Bill didn’t have an emergency fund. So treatment turned to debt, which resulted in stress and sleepless nights, all of which impacted his work. He missed 15 days last year—2.5 times the overall average.

One out of every 300 employees in our study meets Bill’s profile:

- Financially unwell
- Serious personal injury in the past year
- Unpaid medical bills
- Highly stressed
- Not getting enough sleep
- Missing work

The unfortunate Bill may be an extreme example, but his woes illustrate how health, debt, and stress show up at work.
Health: Vital to total well-being

Most of the people in our survey were in good or excellent health. But it may only take one unexpected problem—like Bill’s broken wrist—to create a cascade of other problems, including debt and stress.

Unpaid medical bills place an especially heavy burden on employee well-being and connect health and wealth in a downward spiral.

**KEY FINDINGS**

People with poor health are naturally more likely to be absent from work. They are also far less likely to be financially well.

Average number of days missed at work:

- **1 in 25** people with poor health have excellent financial wellness
- **1 in 8** have unpaid medical bills

**WHAT TO CONSIDER**

- Continue to offer smoking cessation and fitness programs. People whose health is fair or at risk are much more likely to smoke and less likely to get enough exercise. It’s equally important to create a culture at work that encourages a healthy lifestyle.
- If your company offers a high-deductible health plan, consider offering seed money for employees’ Health Savings Accounts. Our data shows even employees who spend their HSA money on current expenses tend to build a balance over time, which gives them a cushion in case of an unexpected expense.
Debt: A huge impact

Those who are struggling with debt miss more work, on average, than those with minimal debt, and they are significantly more likely to report strong feelings of burnout at work.

If Bill had an emergency fund of any size, the fallout from his injury could have been limited to some lost time at work. But without it, Bill takes on debt, which drags down his overall well-being.

**KEY FINDINGS**

Debt is strongly linked to both health and absenteeism at work.

1 in 3 of those who have a lot of financial stress are unwell in the health domain.

**WHAT TO CONSIDER**

- It’s important to offer financial wellness programs focused on paying down debt and managing a budget.
- Consider offering student loan support. While student debt is especially common among people under age 40, 12% of Baby Boomers are carrying student debt, either for themselves or a child.
- An emergency fund can be the difference between an issue that’s manageable and one that sets an employee on a path to deeper problems, so it’s important to encourage good savings behaviors. Fidelity recommends having an emergency fund of 3–6 months’ expenses.
Stress: It’s everywhere

There are lots of sources of stress in life, but financial issues are among the most consistent. They range from the general—“my overall financial situation”—to the specific—“savings” and “debt.”

Having any emergency fund can help alleviate financial stress, even for people who don’t experience an emergency like Bill did.

**KEY FINDINGS**

People without emergency savings are six times more likely to be highly stressed about their finances.

- **Who’s feeling stressed out?**

  80% of people without emergency savings are highly stressed about their finances.

- **Who’s feeling little to no stress?**

  70% of people who have any amount of emergency savings, even if they also had a large unexpected expense in the past year.

**Top sources of stress**

For both men and women, two of the top 3 are financial:

1. My job
2. My overall financial situation
3. Saving for the future

Although jobs represent the biggest source of stress, participants do not report high levels of stress from bosses, coworkers, or even commutes. Only “my work environment” emerged as moderately stressful.

**WHAT TO CONSIDER**

- By understanding the nature of employee stress, employers can more effectively target the right solutions to the right employees.
- Make sure employees know what help they can get from their Employee Assistance Program (EAP).
- Continue to promote stress management programs for employees.
- Be sure to communicate the role of healthy eating and exercise in reducing stress.
- Financial stress is particularly acute among younger people, so it’s important to offer financial wellness programs.

30% of employees feel stressed “always” or “very often”
At work, it’s more than sick days

Absenteeism isn’t the only way well-being makes itself known at work. Satisfaction and engagement also can be impacted. Employees who struggle in aspects of each of the four domains are more likely to be unsatisfied with their employer.

<table>
<thead>
<tr>
<th>Well-being profile</th>
<th>Odds of being a detractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>3 in 10</td>
</tr>
<tr>
<td>Financially stressed</td>
<td>4 in 10</td>
</tr>
<tr>
<td>At-risk health</td>
<td>5 in 10</td>
</tr>
<tr>
<td>Lacking meaningful relationships</td>
<td>6 in 10</td>
</tr>
<tr>
<td>Limited growth opportunities at work</td>
<td>7 in 10</td>
</tr>
</tbody>
</table>
Employers spend a lot of time and money implementing benefits to improve the well-being of their employees. But the lack of a clear definition of total well-being and a way to measure it makes it difficult to provide employees with the right help at the right time.

Our research demonstrates that workforce challenges, including absenteeism and dissatisfaction, may call for solutions that target other domains of well-being.

These data-driven insights can be leveraged to make better decisions about workplace benefits and ultimately improve the total well-being of employees.

For more information about exploring the total well-being of your workforce, contact your Fidelity representative.

For greater insight, read our white paper.
ABOUT FIDELITY’S TOTAL WELL-BEING RESEARCH

Unless otherwise noted, data represents the Fidelity Investments Total Well-Being Research online survey of 9,315 active Fidelity 401(k) and 403(b) participants from across the United States. The survey was conducted by Greenwald and Associates, an independent third-party research firm, on behalf of Fidelity in September 2017.

ABOUT FIDELITY’S TOTAL WELL-BEING SCORE

These findings are the culmination of a research project with Strategic Advisers LLC, a registered investment adviser and a Fidelity Investments company, which analyzed the overall well-being of 9,315 retirement plan participants based on data collected through the Fidelity Investments Total Well-Being Research online survey, September 2017. Survey questions assessed objective and subjective indicators in four domains of total well-being (financial, health, work, and life) as well as general feelings and demographic characteristics. All four domains contribute 25% each to the overall score, for a total of 100%. Total well-being, domain-level wellness, and domain components are all scored on a 0–100 scale, where 0 indicates complete lack of wellness and 100 indicates optimal wellness. To facilitate interpretation, individual-level scores can be categorized into four levels of wellness: Excellent (81–100), good (61–80), fair (41–60), or at risk (0–40).

1 Fidelity Total Well-being Panel Survey of 145 clients conducted in April 2017.
3 For full details on the methodology, see “What it means to be financially well: A comprehensive measurement framework” FMR LLC, Spring 2017.