

How Can Financial Wellness Be Improved?

From Best Money Moves

How can financial wellness be improved? Overspending and credit card debt is pulling employees further away from building savings and financial security.



Financial stress is getting worse, making financial wellness programs a critical benefit offering for employers.

74 million Americans have more credit card debt than emergency savings, according to a new survey by [Bankrate](#). “Consumers should make hay while the sun shines. Now is the time – with unemployment low and wages rising – to right-size the equation by paying off high-cost credit

card debt and adding to emergency savings. Sadly, it looks like we’re collectively moving in the wrong direction,” says Greg McBride, Chief Financial Analyst for Bankrate. “The sharp deterioration in the relationship between credit card debt and emergency savings is an ominous indicator of the financial health among American households.”

Overspending is a Barrier to Financial Wellness

A [ValuePenguin](#) survey found more than two-thirds of Americans overspend by at least \$100 each month and close to 60 percent admit that they don’t (or can’t) pay off their full credit card bill each month. More than 40 percent of Americans have credit card debt over \$2,000.

Americans overspend most on food, online shopping, clothing, social events, and alcohol. A separate Bankrate survey found [Americans spend an average of \\$2,944 each year on financial vices](#) like takeout, drinks, and lottery tickets. The typical American buys restaurant or takeout food at least two times a week and close to 40 percent dine out at least three times a week.

Late Payments Impede Financial Wellness

7 million Americans are 90 days or more behind on auto loan payments, a new record reported by the [Federal Reserve Bank of New York](#). “The substantial and growing number of distressed borrowers suggests that not all Americans have benefitted from the strong labor market,” economists wrote in a blog post for the Federal Reserve Bank of New York.

Late payments are often associated with late fees and growing unpaid interest, making it all the more difficult for an individual to catch up once they’ve fallen behind.

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The good news is Americans want to improve their financial wellness. Nearly 90 percent of Americans are actively trying to decrease their debt, according to ValuePenguin.

McBride recommends Americans, “come up with a realistic plan for paying off the amount owed [on high-interest credit cards] during the interest-free period.” It sounds simple enough, but the reality is almost 60 percent of Americans [find tracking and budgeting expenses to be more stressful](#) than activities like opening a new savings account or trying a new work out.
