

A promotional graphic for a panel discussion. The background is a dark purple gradient with a faint image of a person's hands holding a pen. On the right, there is a dark rectangular box containing the NAGDCA logo and the text 'ANNUAL 2019'. A large, stylized fleur-de-lis logo in gold and green is positioned at the bottom right of the graphic.

Financial Wellness

Moderator: Joe Saari, Financial Fitness Group
Panelists: Kenje Mallot, Alight Solutions
Jen Harmer, Lincoln Financial Group
Polly Scott, Wyoming Retirement Systems

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2019

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A slide titled 'Meet our Panel' with a green border. It lists three panelists with their roles and experience. A small fleur-de-lis logo is in the bottom left corner.

Meet our Panel

Kenje Mallot, Alight Solutions

- Financial Solutions Product Director
- 22 years workplace financial benefits experience

Jen Harmer, Lincoln Financial Group

- Assistant Vice President of RPS Customer Experience Strategy & Development
- Jen joined Lincoln in 2014, and has 20 years industry experience


Polly Scott, Wyoming Retirement Systems

- Communication & Deferred Compensation Plan Manager
- 18 years experience in retirement plan administration

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The Stats are Startling



More than half of workers are stressed about their finances

> **75** PERCENT

More than 75% of employees live paycheck to paycheck

89%

OF EMPLOYEES ARE LOOKING FOR ADDITIONAL DIGITAL FINANCIAL WELLNESS TOOLS

Student loan debt is in excess of

1,000,000,000,000

and far exceeds credit card debt

FINANCIAL SICKNESS RELATING TO HEALTHCARE ABSENTEEISM & HIGH TURNOVER COSTS EMPLOYERS **BILLIONS**

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*Source: PwC's 2018 Employee Financial Wellness Survey

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Let's Take a Poll

1. Select this session from the agenda.
2. Scroll down to Live Polls.
3. Select the question, select your answer, and tap finish to submit.
4. Exit poll.

Schedule Financial Wellness

KM

Financial Solutions Director, Health & Wealth Solutions, Alight Solutions
Panelist

>

PS

Polly Scott
Manager, Voluntary Retirement System
Panelist

>

Live Polls

🗣️

1. Are you currently implementing a Financial Wellness plan at your organization?

>

🗣️

2. The most important thing in your life today is your overall....

>

Surveys

📄

CE Survey

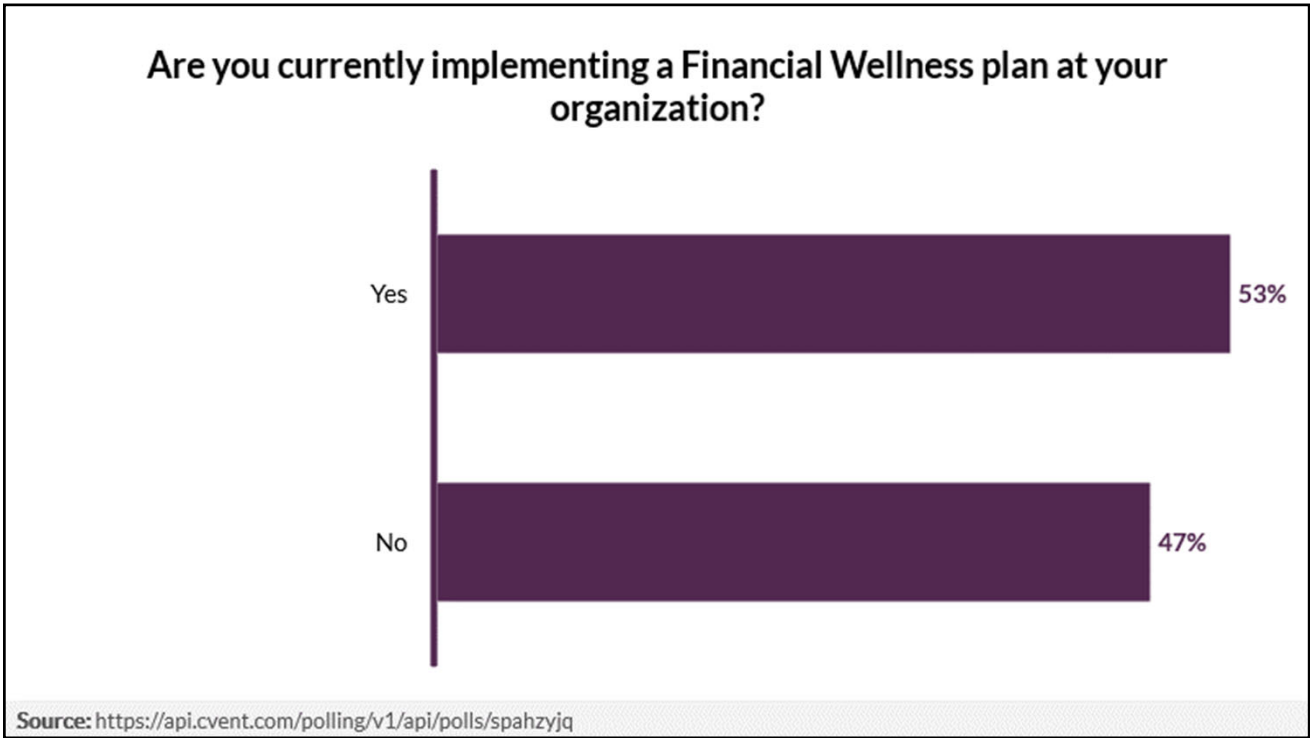
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Photos

🗓️ Event Guide📅 Schedule👤 Profile☰ More

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Defining Financial Wellbeing & Current State

Kenje Mallot


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Financial Wellbeing Defined

Confidently managing financial life today while preparing for the future and anything unexpected along the way

	Stage 1: Security	Stage 2: Foundation	Stage 3: Growth	Stage 4: Freedom
Traits	Living paycheck-to-paycheck Focused on daily needs	Understand daily needs Want to save for future goals, but not sure how	Established financial goals Doing all they can to reach goals	Meeting financial goals Transitioning from paycheck to paying themselves
Areas of Focus	Understand income & expenses Debt management	Establishing savings goals Prioritizing goals Understanding investments and insurance	Understanding of investment vehicles Maximizing asset growth Reprioritization of goals	Retirement income Estate planning Understanding social security



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Who Are Employers Focused Most On?

Stage	Security	Foundation	Growth	Freedom
Percentage of workers ¹	31%	21%	37%	11%
Percentage of employers focused on this stage ²	35%	56%	8%	1%

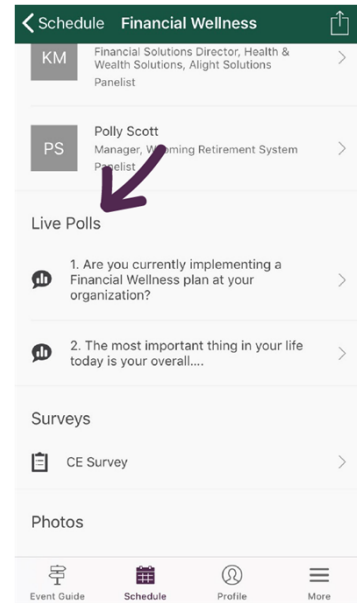
¹: Aight Solutions, *Financial Mindset® Study*, 2017 ²: Aight Solutions, *2019 Hot Topics in Retirement and Financial Wellbeing*

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Let's Take a Poll

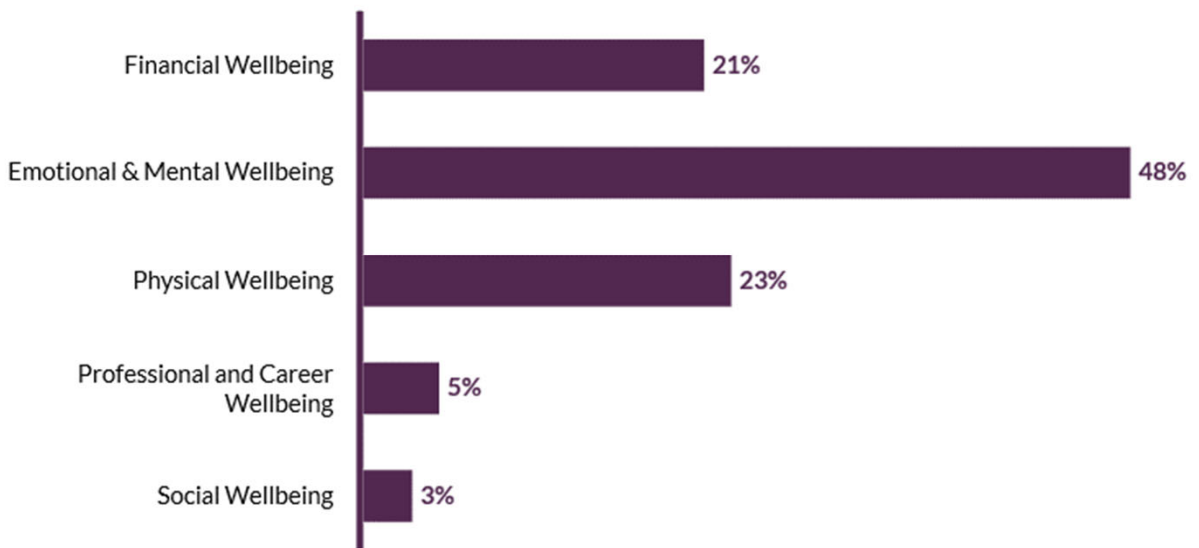
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The most important thing in your life today is your overall....



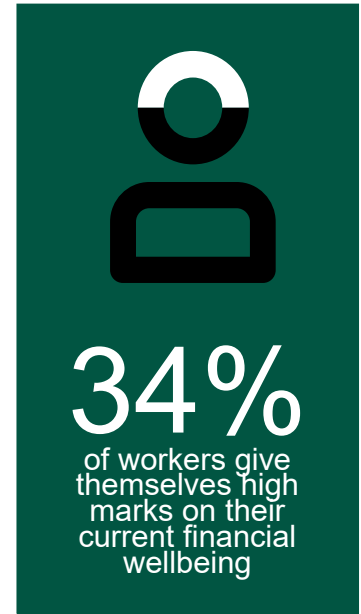
Source: <https://api.cvent.com/polling/v1/api/polls/splcukt3>

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Financial Wellbeing: Worker Perspectives

“For each of the following attributes, please indicate how important it is in your personal life today?”

	Overall	Centennials	Millennials	Gen X	Boomers
Financial wellbeing	75%	58%	74%	75%	77%
Emotional & mental wellbeing	74%	68%	72%	77%	74%
Physical wellbeing	71%	73%	67%	74%	76%
Professional and career wellbeing	55%	60%	61%	56%	44%
Social wellbeing	47%	44%	50%	47%	43%



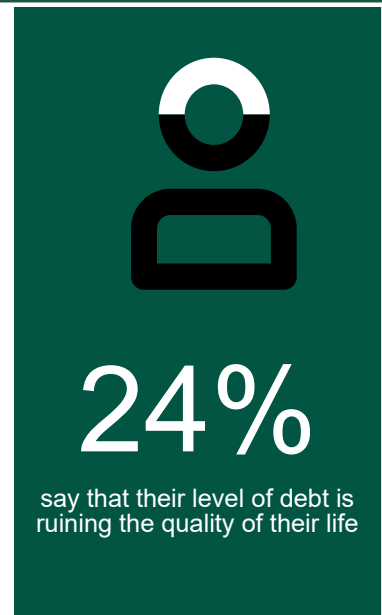
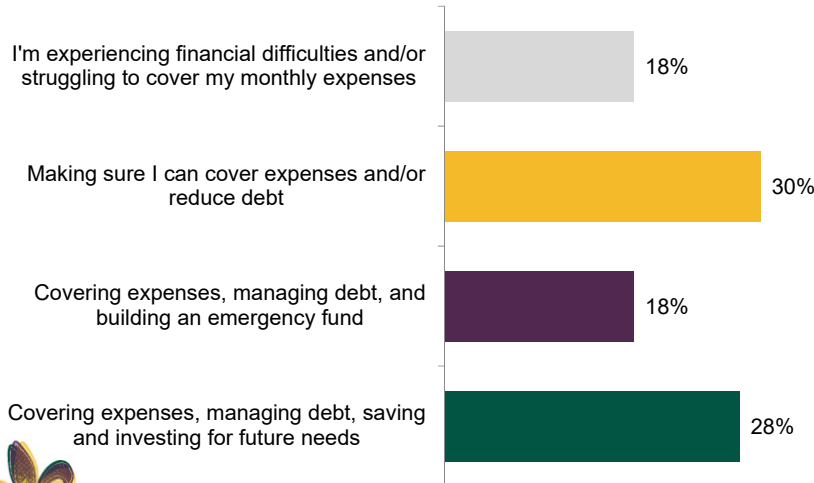
Source: Aight Solutions, 2019 Health and Financial Wellbeing Mindset

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Worker Perspectives on Financial State

“How would you describe your current financial situation?”



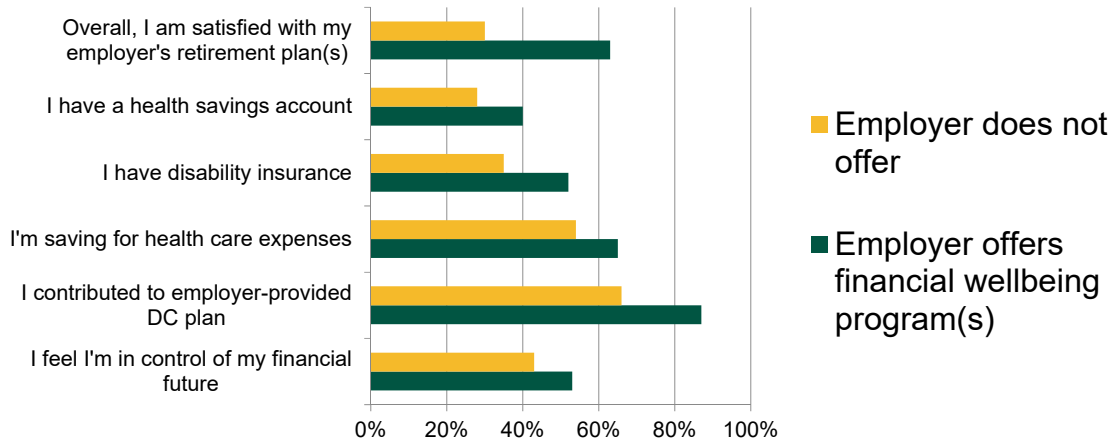
Source: Aight Solutions, 2019 Health and Financial Wellbeing Mindset



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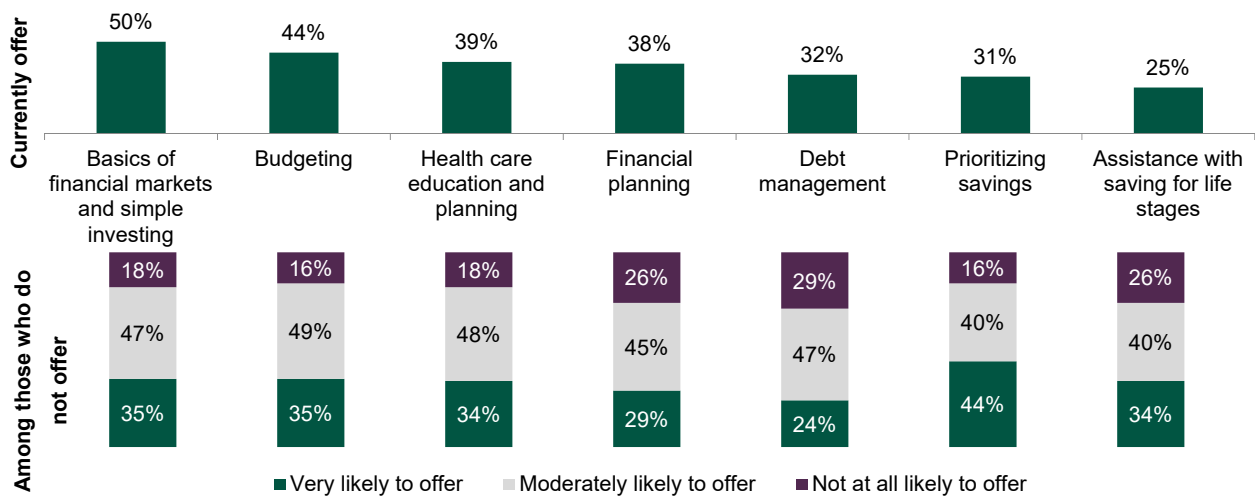
When employers help employees navigate the financial wellbeing journey, both benefit



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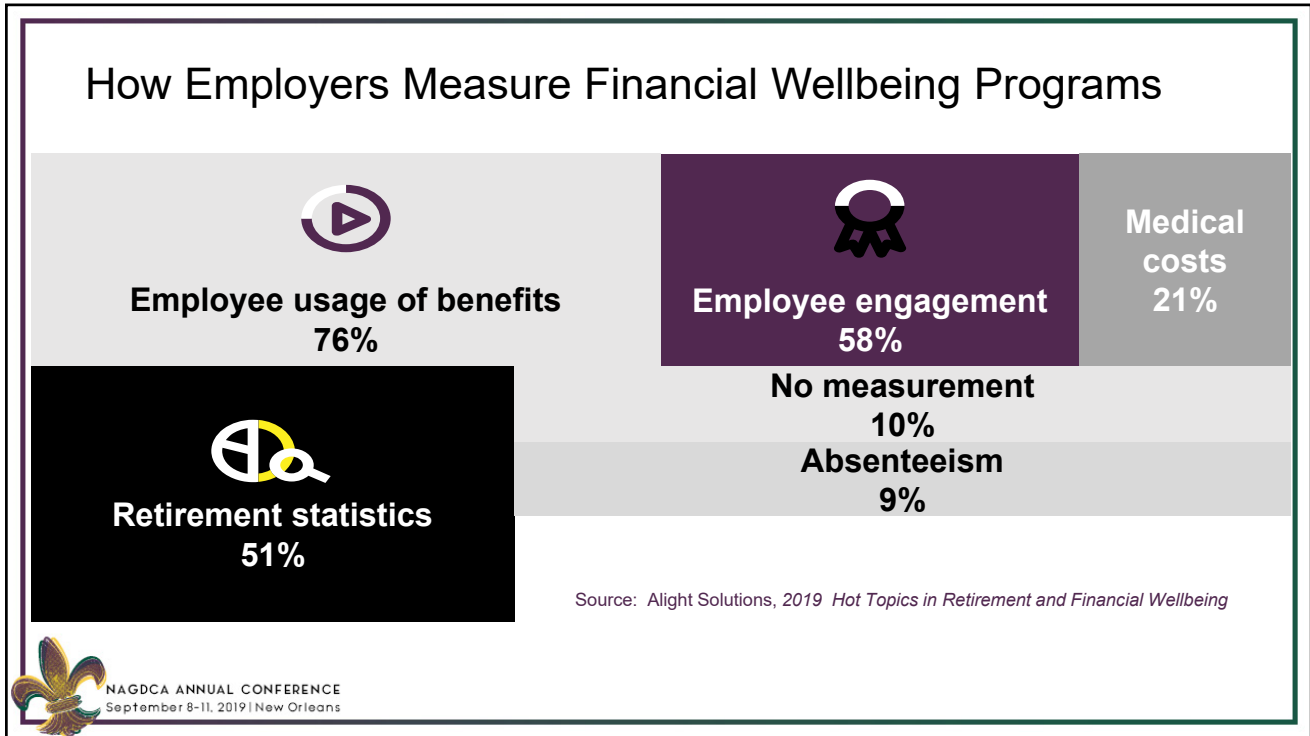
What Financial Wellbeing Programs are Employers Offering?



Source: Alight Solutions, 2019 Hot Topics in Retirement and Financial Wellbeing

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Questions & Answers

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Building Your Program

Jen Harmer

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Why Financial Wellness? Why Now?

			
<p>Underserved Market large segment of employees cannot get enough help and are looking towards their employer for assistance</p>	<p>Rising Cost of Benefits continuing cost increases to employees for benefits like health care causing employee satisfaction to decrease, resulting in employers looking at other areas to add value</p>	<p>Data and Research increasing amounts of research and data to demonstrate employer benefits by having a more financially healthy employee base</p>	<p>Back to Basics in a competitive, low unemployment environment, increasing need to attract and retain talent</p>

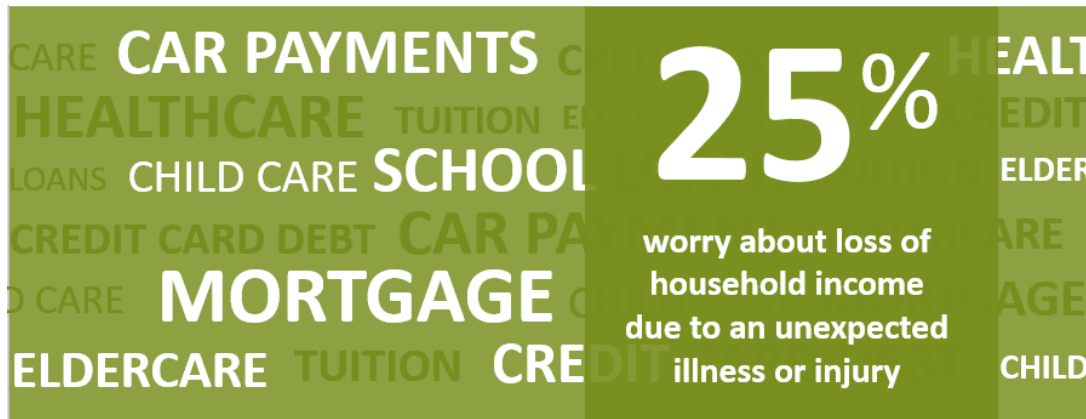


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Competing Priorities

In a world of competing priorities, how do you effectively engage employees?

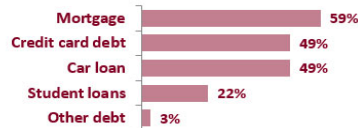


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What Financial Hurdles are Employees Facing



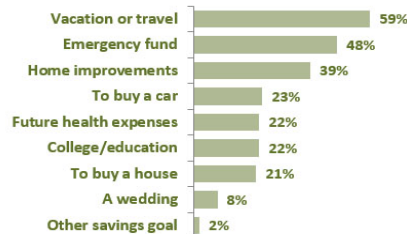
COMPETING PRIORITIES are vying for participant dollars, and even drive some participants to take loans.



81% of participants are working toward 3 or more financial priorities beyond retirement, and 45% are working toward 5 or more.



58% of participants with debt see their debt as a problem, including 13% who say it is a major problem.



59% of participants with student loan debt say they are saving less for retirement than they want to because of their student loans.



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*2017 Lincoln Retirement Power Study

Preparation and Planning

- 1 Understand What's available
- 2 Define Success
- 3 Prioritize
- 4 Identify Champions
- 5 Feedback



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Participant Adoption & Engagement

- 1 Communication
- 2 Consistency
- 3 Encourage Participation
- 4 Incentives
- 5 Feedback



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Financial wellness voice of the customer (VOC)

Voice of the employer

- 43% of employers that offer wellness say it increased engagement and morale
- 36% of employers report that wellness programs have alleviated stress
- 40% of employers say their wellness offering improved employee productivity

Voice of the employee

- 58% of consumers say that debt is a problem
- 51% of consumers want to learn to budget effectively
- Top concerns are emergency savings, retirement and monthly expenses

Voice of the market

- Wellness programs are offered throughout the marketplace
- Common capabilities:
 - Personalization
 - Education and literacy
 - Tools and calculators
- Differentiators:
 - Action and accountability
 - Services and products
 - Marketing and branding



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Source: PWC 2018 Financial Wellness Survey
Source: Lincoln Retirement Power® 2017 Participant Study

Measuring the Results

REDUCE MONEY STRESS

- Plan for today and retirement
- Prepare for emergencies
- Learn the finances of benefits
- Increase paycheck power
- Improve financial health

GET BETTER EMPLOYEES

- Better 401(k) usage and adoption
- Reduce 401(k) loans
- Increase benefits adoption
- Increase loyalty, reduce turnover
- Reduce absenteeism & presenteeism



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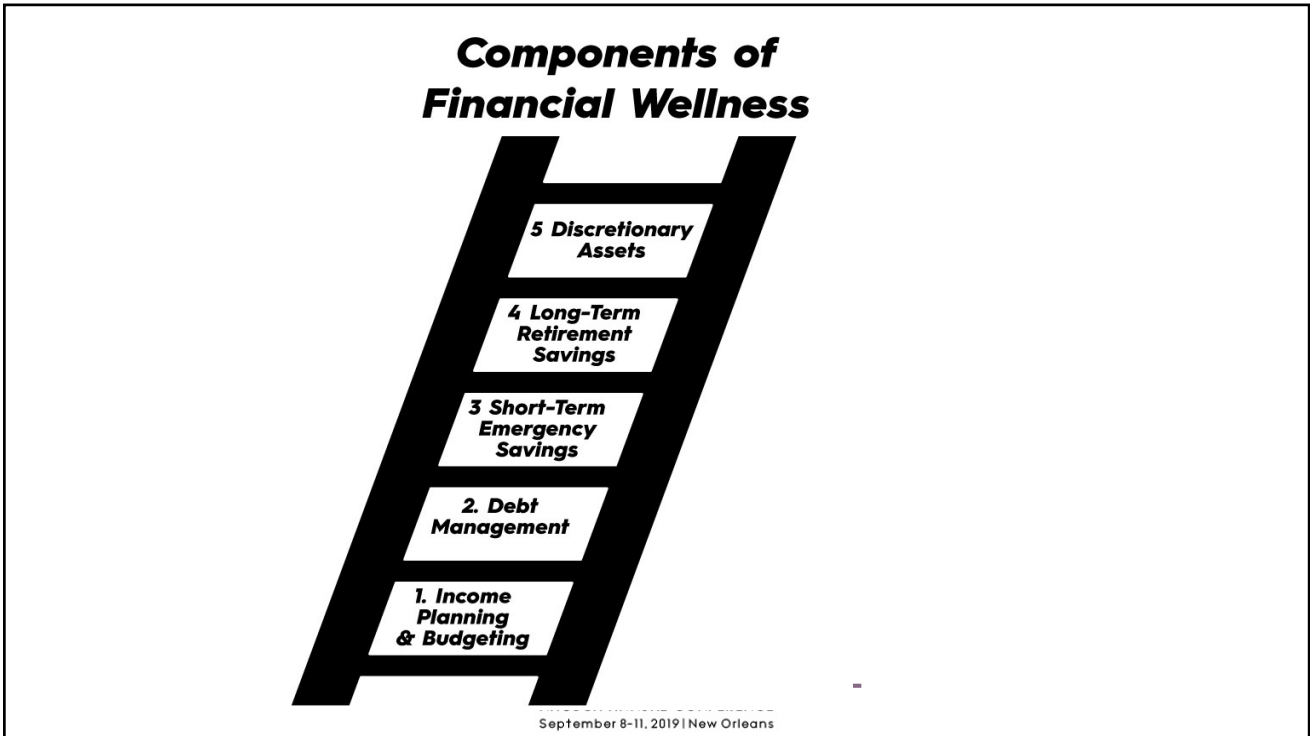


Real World Application

Polly Scott & Joe Saari

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Case Example from Wyoming

NATRONA COUNTY SCHOOLS

Natrona County Schools District #1

- Financial Wellness initiative kicked off June 2019
- This initiative was championed as a result of a collective bargaining committee
- Lump sum of money was available due to closure of some schools
- Eligible to approximately 2,000 employees

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What Was the Incentive?

Each employee had the opportunity to receive up to \$4,200

- Received a one time contribution of \$1,500 with WRS 457 Plan account
- Eligible for additional \$1,500 one time contribution to WRS 457 Plan account for participating in 2 financial literacy courses
- If employee contributes up to \$100 per month, NCSD #1 matches to WRS 457 Plan account



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FinLit Course

- HR Manager and high school teachers developed 2-part financial literacy course
- Course covers employer benefits and provides 5.5 hours of education on budgeting, debt, insurance and investing
- Can get college credit or CEUs for taking the course
- Results data available in late August; expecting nearly 100% participation



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Financial Fitness Impact: State of Wisconsin Results

- Overall impact based sample size of ~20,000 employees at 12 employers
- State of Wisconsin Employee Trust Funds engaged ~10,000 employees
- Impact Δ compares pre- and post-program Financial Fitness SCORE™ (“SCORE”)
- Economic impact analysis based on approach suggested by Personal Finance Employee Education Fund (“PFEED”) with the following variables:

Input Variable #1: Employees with a LOW SCORE cost \$3000 PEPEY

Input Variable #2: Employees with MODERATE SCORE cost \$1500 PEPEY

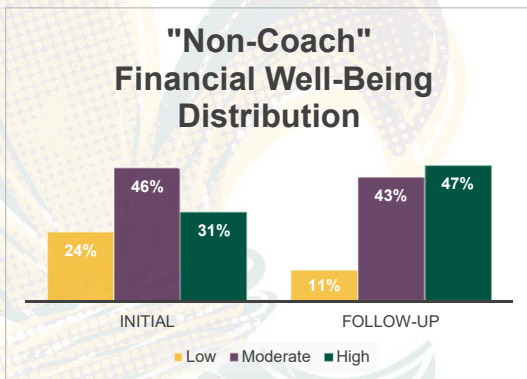
Input Variable #3: Employees with HIGH SCORE have NO negative cost impact



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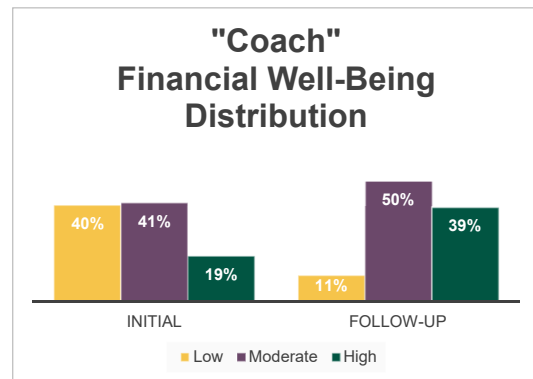
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Financial Fitness COACH™ - Program Results All Employers Combined



Non-Coach population average additional cost per Employee per year of...

Initial = \$1,410
Follow-up = \$975
Savings = \$435

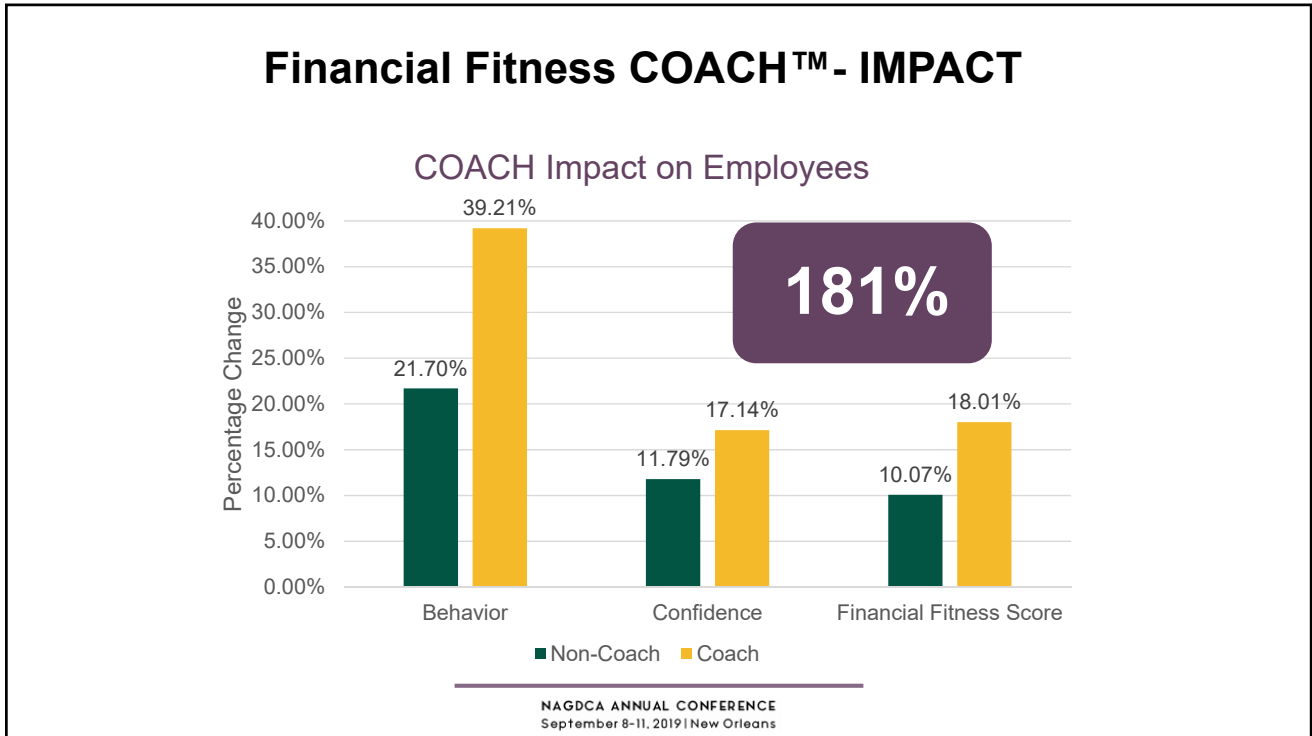


Coach population average additional cost per Employee per year of...

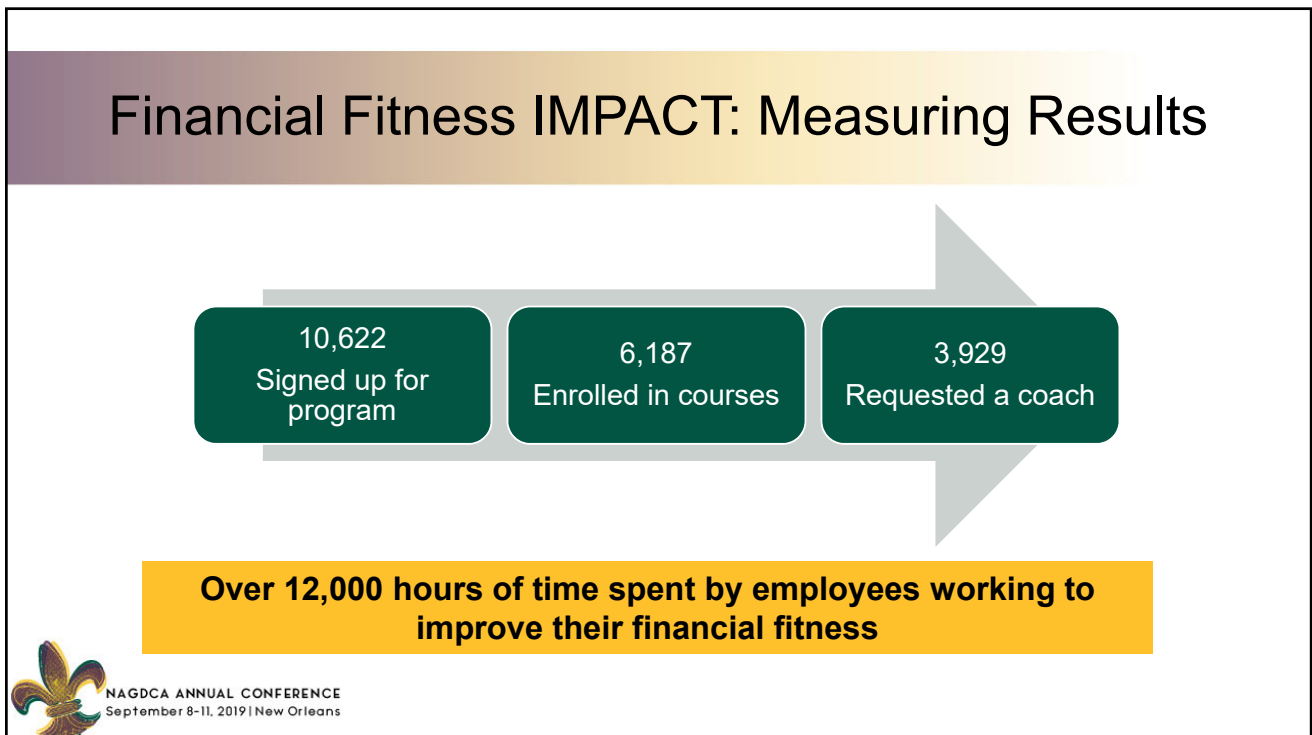
Initial = \$1,815
Follow-up = \$1,080
Savings = \$735

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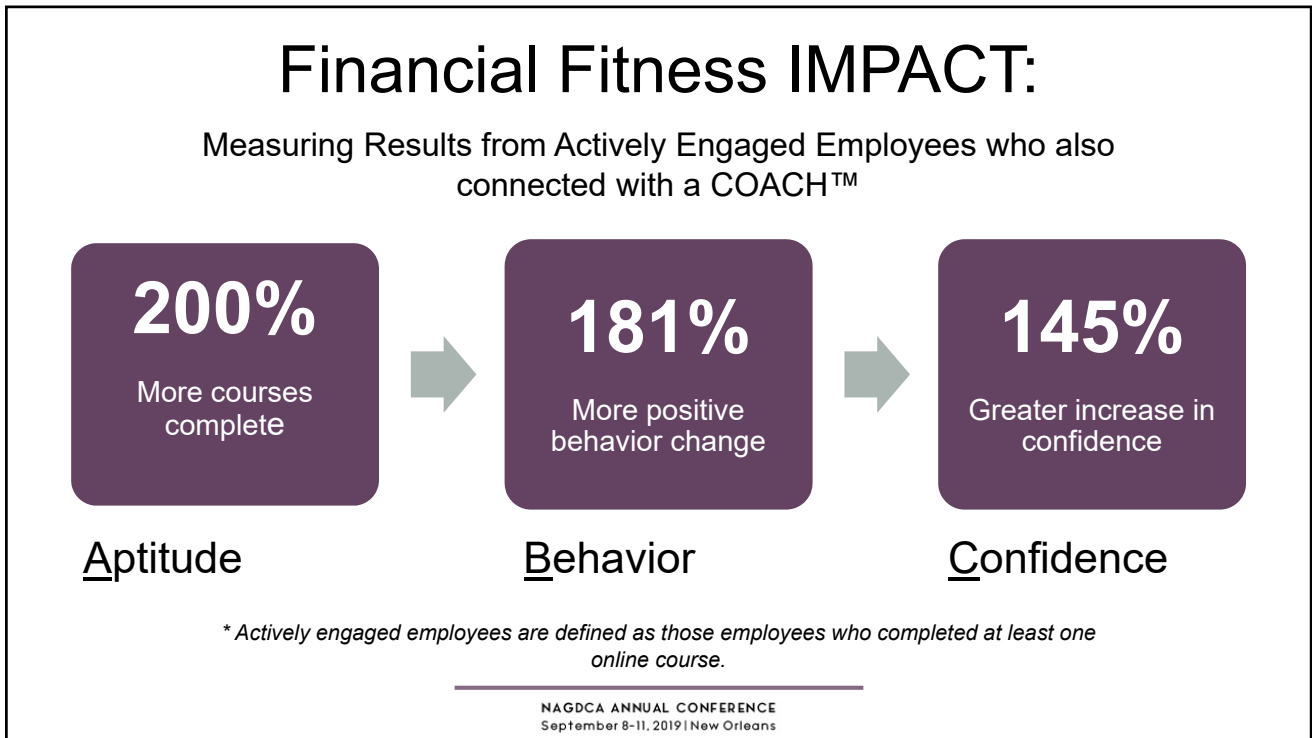
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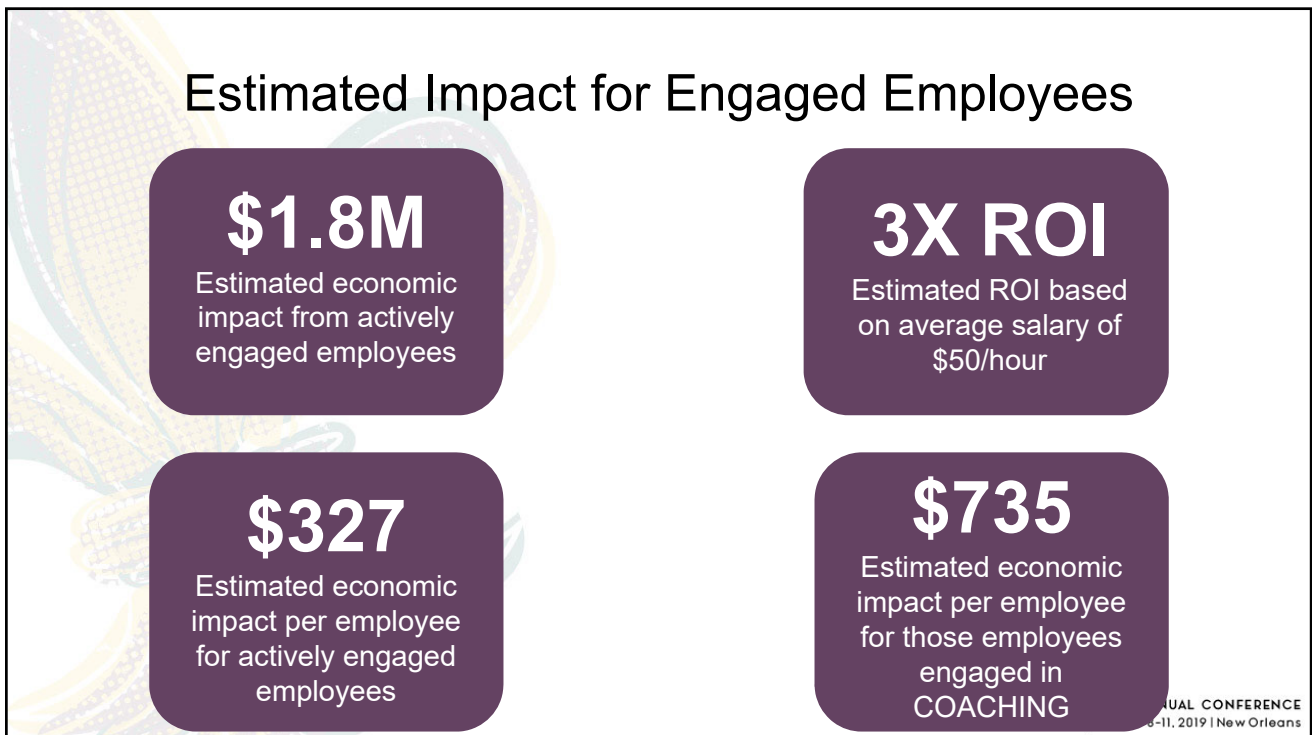
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Thank You

Questions & Answers



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