



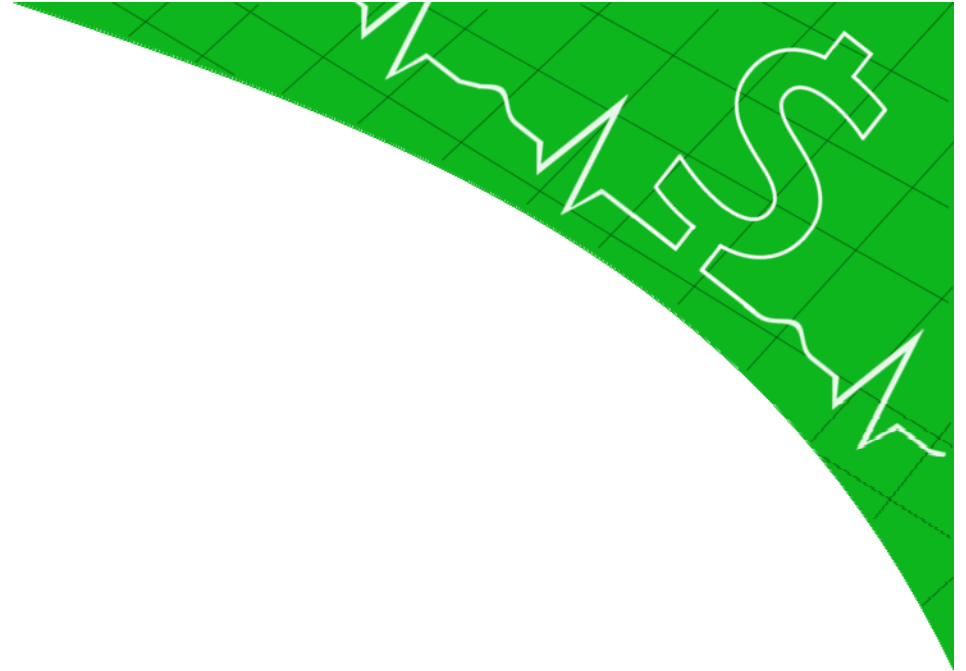
The heart of financial wellness begins here...

Welcome to the FEI



FRANCIS
Investment Counsel LLC

Yours for the Taking...



Our Agenda...

- ✓ Why Financial Wellness Now?
- ✓ The Economic Case for Financial Wellness
- ✓ Measure and Manage Financial Stress
- ✓ Bring Financial Wellness to Life

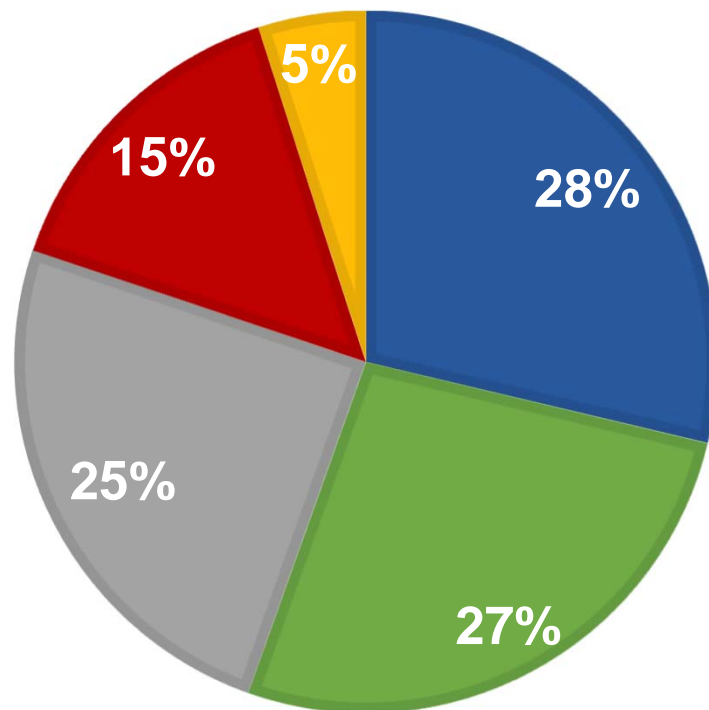









*Why Financial
Wellness Now?*

Why now?

Understanding Employee Attitudes



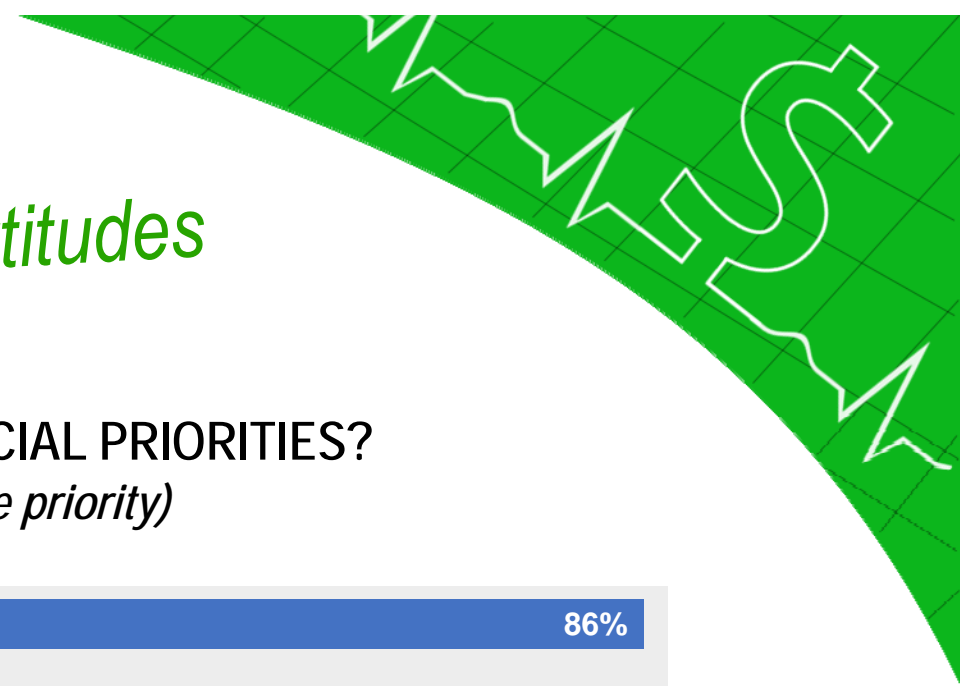
WHAT DOES FINANCIAL WELLNESS MEAN TO YOU?

-  Being prepared financially for the unexpected
-  Living comfortably and having control over day-to-day finances
-  Having financial freedom that allows me to enjoy life
-  Being on track to meet financial goals
-  Having knowledge of financial products

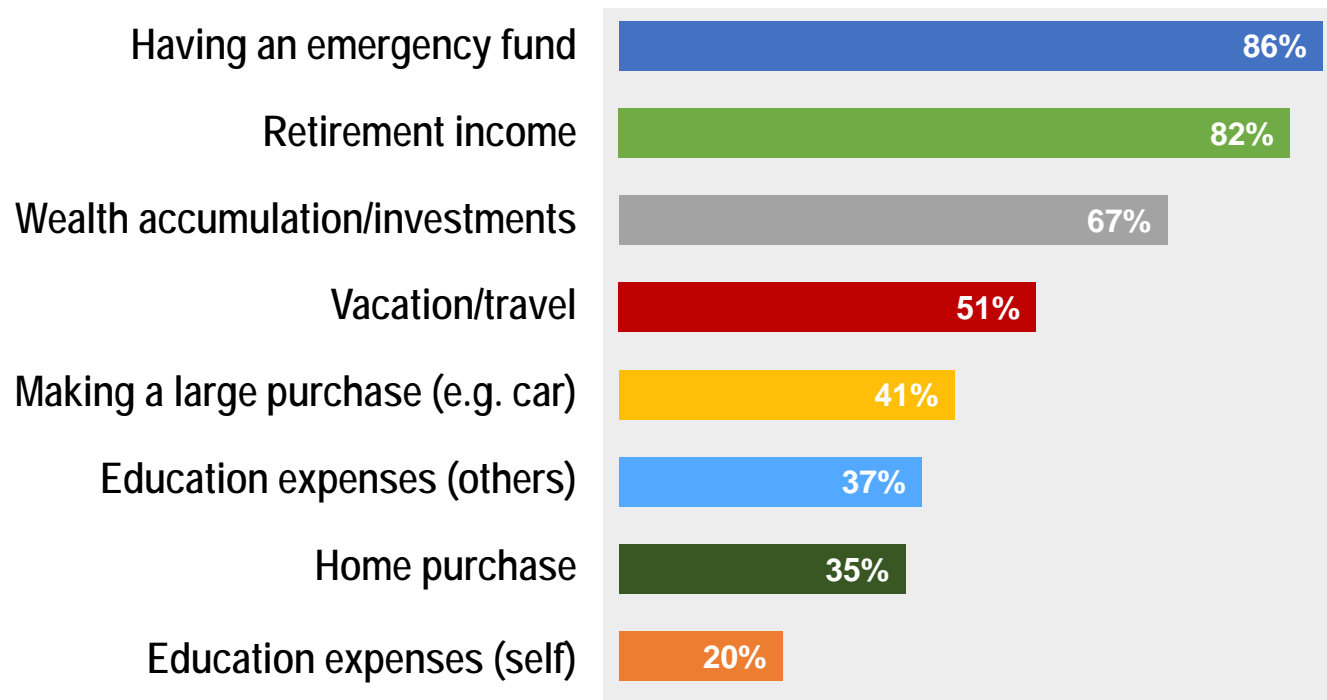
Source: Lincoln Financial Group

Why now?

Understanding Employee Attitudes



WHAT ARE YOUR FINANCIAL PRIORITIES? *(high or moderate priority)*



Source: Aon Hewitt, 2015

Why now?

Understanding Employee Attitudes

WHAT ARE YOUR FINANCIAL PRIORITIES?
(high or moderate priority)

What's Missing?

- ✓ Manage Debt
- ✓ Establish Budget
- ✓ Long Range Financial Planning

Why now?

Financial Stress Affects your Employees

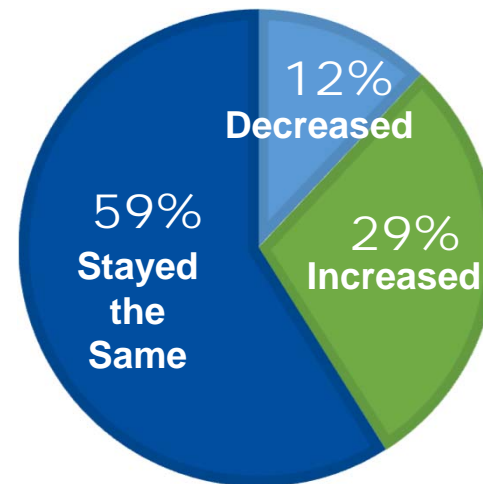


72%

of adults reported feeling stressed about money at least some of the time

Stress About Money

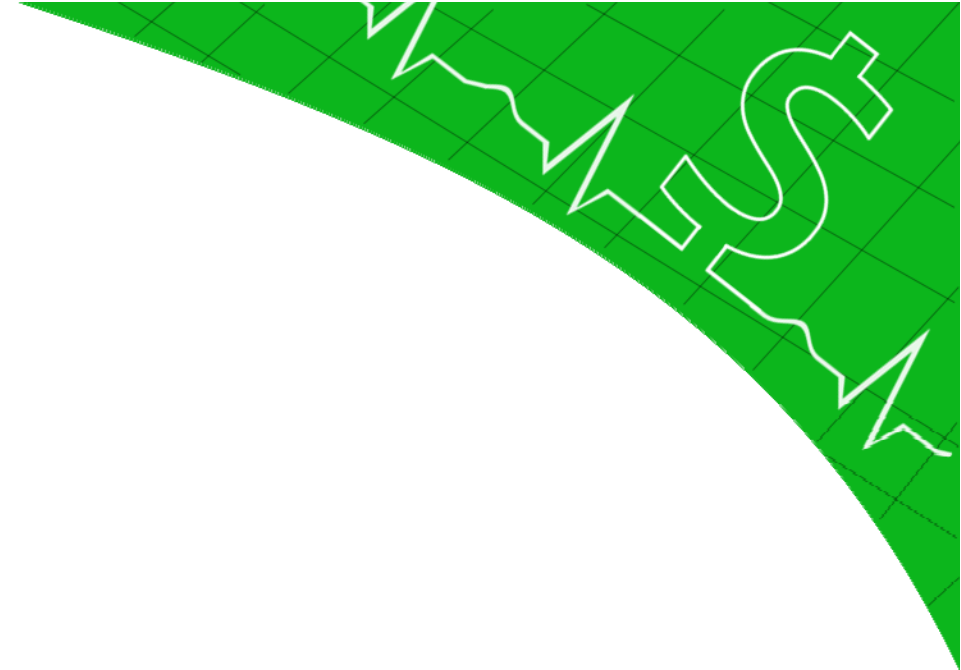
Thinking about the past year, would you say your stress about money has increased, decreased, or stayed the same?



Source: American Psychological Association

Why now?

Impact of Financial Stress



ORGANIZATIONAL

HIGHER MEDICAL COSTS

Financially stressed employees **COST EMPLOYERS MORE** in health care claims *(Consumer Financial Protection Bureau)*

PRESENTEEISM

FINANCIAL STRESS CONTRIBUTES MORE to the phenomenon of presenteeism than health concerns like anxiety and depression *(Personal Finance Employee Education Foundation)*

46% of employees self-report spending 2-3 hours per week dealing with personal financial issues **WHILE ON THE JOB** *(Purchasing Power)*

DELAYED RETIREMENT

Workers who delay their retirement **INCREASE EMPLOYER COST** through disability claims *(BenefitsPro)*

Employees who delay retirement tend to be **LESS ENGAGED, MORE STRESSED, AND IN POORER HEALTH** *(Towers Watson)*

Older workers who delay retirement prevent employers from promoting younger workers, **FRUSTRATING FUTURE TALENT** *(SHRM)*

EMPLOYEE TURNOVER

40% of turnover is **stress-related** and it costs **\$3,000-\$13,000** to fully replace an employee *(Workforce, Equity 1 Group)*

INDIVIDUAL

UNHEALTHY LIFESTYLES

Those who report **HIGH LEVELS OF FINANCIAL STRESS** also report the **LEAST HEALTHY** management techniques such as watching TV and/or eating and drinking *(American Psychological Association)*

PHYSICAL/EMOTIONAL SYMPTOMS

Physical symptoms of financial stress include: Insomnia, Anxiety, Tension, Headaches and/or Migraines, High Blood Pressure, Depression, and Heart Attacks *(Consumer Interests Annual)*

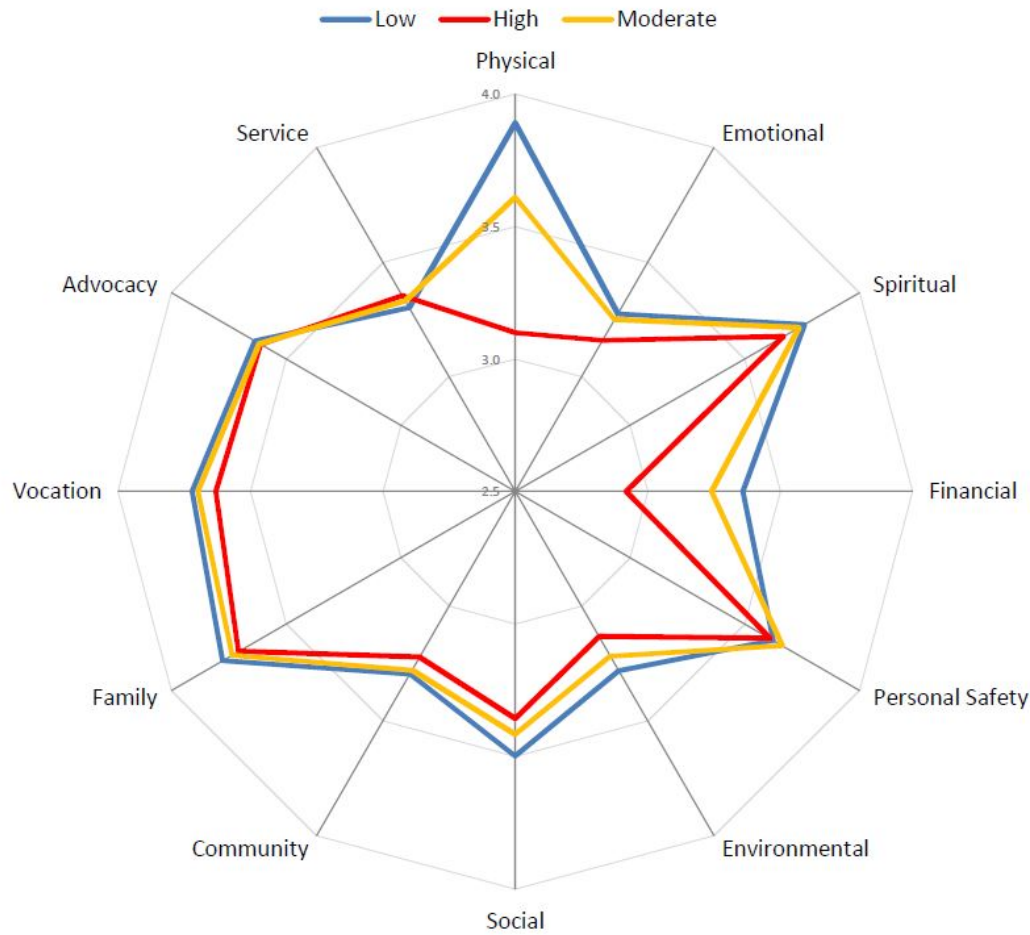
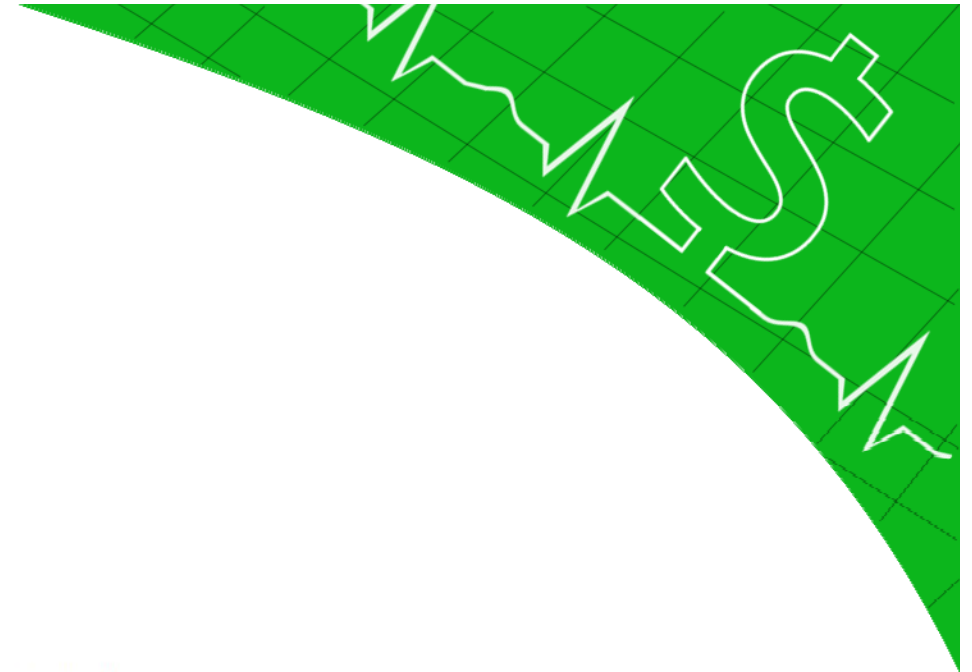
Why now?

How Organizations have Responded



Why now?

The Expansion of Wellness



Body Mass Index

*Mapped on the
Humana Well-Being Index*

Source: Humana

Why now?

The Next Employee Benefit



FINANCIAL WELLNESS

“I didn’t learn about this in school.”

“I don’t know where to turn with my questions.”

“I trust the benefits and resources my employer provides.”

CORPORATE AMERICA AGREES

Organizations of all sizes agree FINANCIAL WELLNESS will be a standard benefit in the near future.

Source: Morgan Stanley



*The Economic Case
for Financial Wellness*

The Economic Case

The Wellness Disconnect



20%

OF AMERICANS SMOKE



30%

OF AMERICANS ARE OBESE



72%

EXPERIENCE FINANCIAL STRESS

FINANCIAL STRESS AFFECTS MORE AMERICANS THAN SMOKING & OBESITY

COMBINED

Source: Alliant Credit Union, American Psychological Association

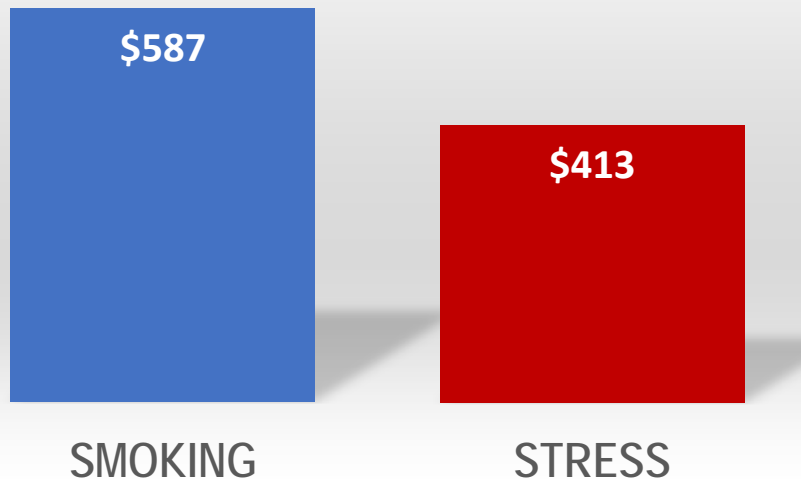
The Economic Case

The Wellness Disconnect



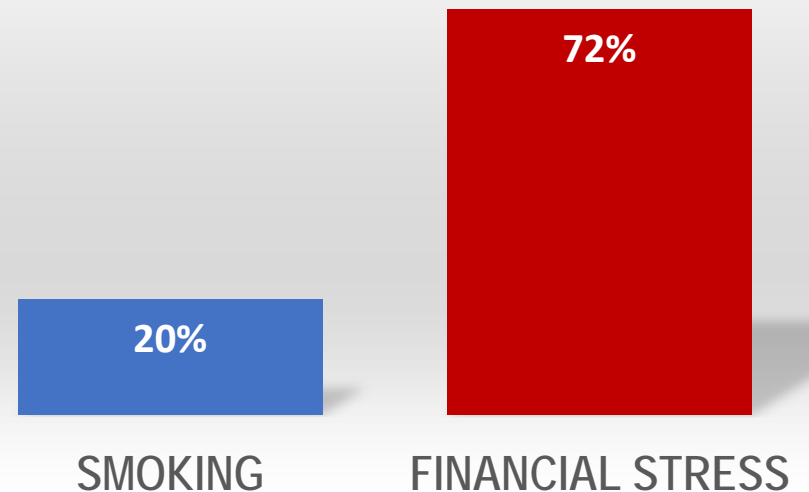
MEDICAL COSTS

(per affected employee each year)



COMPARISON

% of AFFECTED EMPLOYEES



Source: Consumer Financial Protection Bureau, Alliant Credit Union, American Psychological Association

The Economic Case

Misguided Efforts?



SMOKING: \$587 MORE Annually / Affected Employee
STRESS: \$413 MORE Annually / Affected Employee



100 Employees
20% Smoke, 72% Financially Stressed

20 Employees Smoke X \$587/year
= \$11,740 Annually

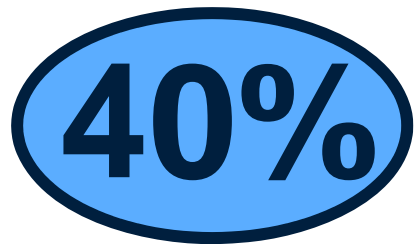
72 Employees Financially Stressed X \$413/year
= \$29,736 Annually

THE DIFFERENCE:

Financial stress costs \$17,996 MORE in annual medical costs than smoking

The Economic Case

Impact to your Bottom Line



40%

Of employee turnover is stress-related



\$\$\$

Employers spend \$3,000-\$13,000 to replace a full-time employee

Costs of Turnover:

- ✓ **Recruiting**
- ✓ **Training – Wages and Benefits**
- ✓ **Reduced Productivity**

Source: Workforce, Equity 1 Group

The Economic Case

Turnover Costs

40%

of **EMPLOYEE TURNOVER** is stress-related,
& it costs employers **\$3,000 - \$13,000** to
replace a full-time employee

PRICE

Lose 5 employees
Recruit, hire, & train 5 replacements

\$3,000-13,000/employee

= \$15,000 - \$65,000 in turnover costs

40% of turnover results from employee stress

= **\$6,000 - \$26,000 in**
FINANCIAL STRESS-RELATED
TURNOVER COSTS
(for 5 employees...)

EXAMPLE

The Economic Case

Impact to your Bottom Line



PRESENTEEISM



Industry research estimates that
presenteeism costs employers
\$150 BILLION PER YEAR

FINANCIAL STRESS CONTRIBUTES MORE
to the phenomenon of presenteeism than
health concerns like anxiety and
depression

46% of employees self-report spending
2-3 hours per week dealing with personal
financial issues **WHILE ON THE JOB**

PRODUCTIVITY



Source: Harvard Business Review, Personal Finance Employee Education Foundation, Purchasing Power

The Economic Case

Productivity Costs



46%

of American workers self-report spending **2-3 hours per week** dealing with personal financial issues **WHILE ON THE JOB**

EXAMPLE

100 Employees
46 (46%) spend 2-3 hours/week on financial issues at work
Average pay: \$15/hour

\$15/hour X 3 hours/week
= \$45 Lost per week, per employee

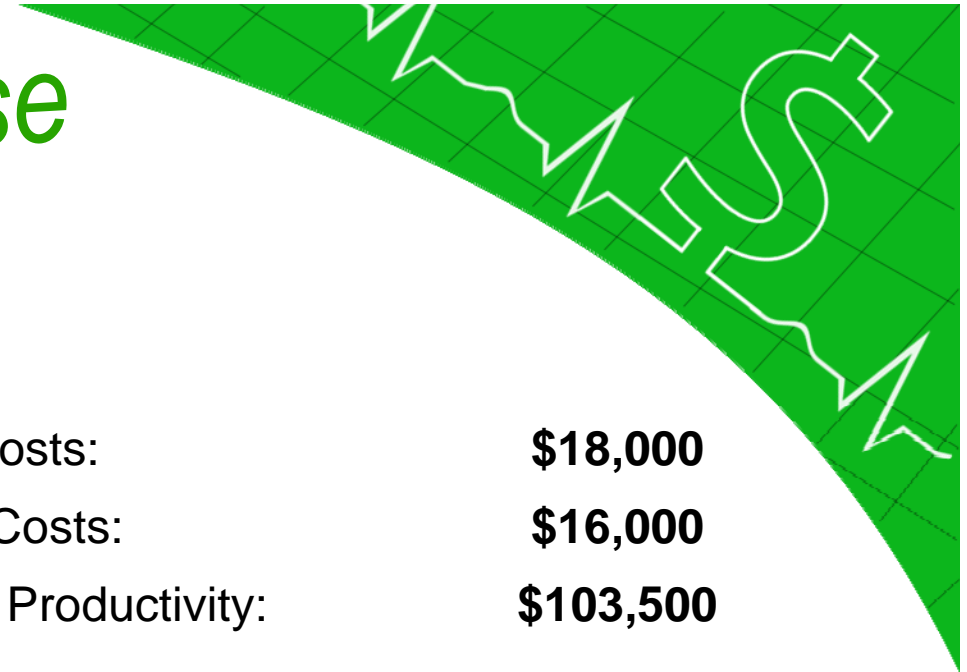
\$45 X 46 Employees
= \$2,070 Total Lost per week

\$2,070 weekly X 50 weeks

**= \$103,500 ANNUALLY in
EMPLOYEE FINANCIAL STRESS**

The Economic Case

The Costs Add Up



Measured Costs

| | |
|--------------------------------------|-----------|
| Stress-Related Medical Costs: | \$18,000 |
| Stress-Related Turnover Costs: | \$16,000 |
| Presenteeism/Decreased Productivity: | \$103,500 |

SUBTOTAL: \$137,500

Unmeasured Costs

| | |
|--|-----|
| Higher Medical Claim Costs | ??? |
| Absenteeism | ??? |
| Delayed Retirement – Higher Benefits Costs | ??? |



\$100,000 (+) ANNUALLY

The Economic Case

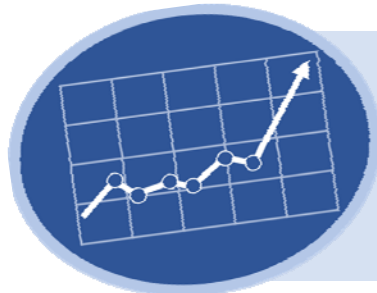
Organizational Benefits



LOWER MEDICAL COSTS

Employees who receive financial training and resources feel less stressed and more satisfied with their overall financial situations, further benefiting their employer through lower medical costs.

Source: Consumer Financial Protection Bureau



INCREASED PRODUCTIVITY

Financial wellness initiatives benefit organizations by building employee loyalty, increasing productivity, and improving overall job satisfaction.

Source: Purchasing Power



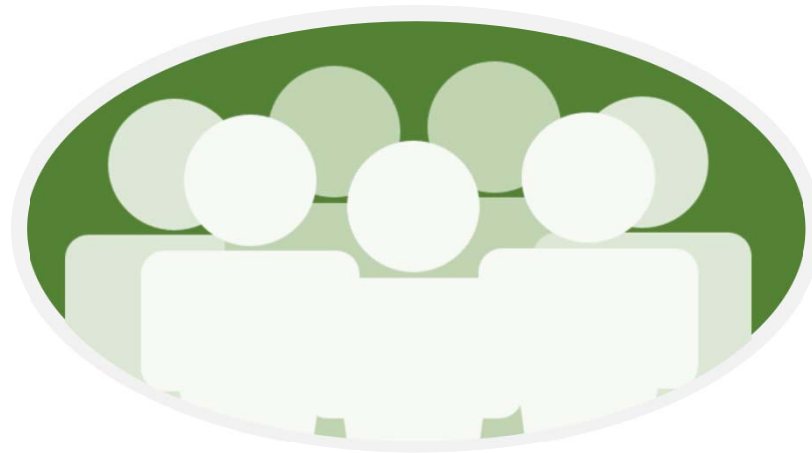
GREATER EMPLOYEE ENGAGEMENT

Financial wellness initiatives lead to employees who are more engaged and better prepared for retirement. Ultimately, such initiatives position your organization as an employer of choice.

Source: Consumer Financial Protection Bureau

More than Economics

Financial Wellness Philosophy



“HELPING EMPLOYEES THROUGH FINANCIAL WELLNESS IS THE RIGHT THING TO DO.”

- ***85% of Organizations Agreed***
- ***#1 Reason for Offering Financial Wellness***

Source: Aon Hewitt, 2016



*Manage and Measure
Financial Stress*

Manage and Measure

Measuring Financial Wellness

***“If it was easily achieved, it probably
doesn’t matter.”***



Manage and Measure

Understanding Your Organization

RETIREMENT PLAN TRENDS

- Plan Participation Rate
- Average Deferral Rate
- Match Maximization Rate
- Loan Utilization
- Hardship Withdrawal Utilization
- Number of Deferral Changes
- Average Account Balance
- Wage Replacement Ratio
- Roth Utilization
- Average Number of Investment Options Utilized

PAYROLL TRENDS

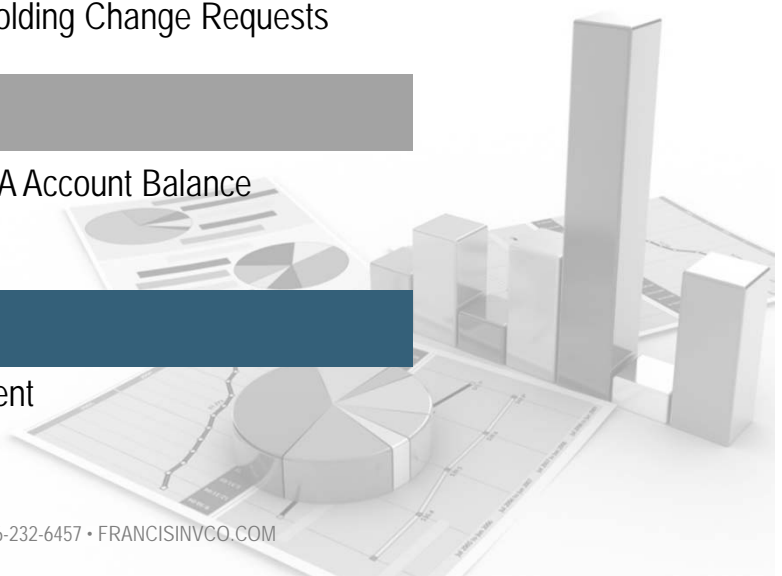
- Number of Wage Garnishments
- Average Cost of Wage Garnishments
- Number of Payroll Advances
- Number of Withholding Change Requests

HEALTHCARE TRENDS

- Average Healthcare Costs
- FSA/HSA Utilization
- Average FSA/HSA Account Balance
- EAP Data

PRODUCTIVITY TRENDS

- Turnover
- Absenteeism
- Delayed Retirement
- Presenteeism



Manage and Measure

Understanding Your People

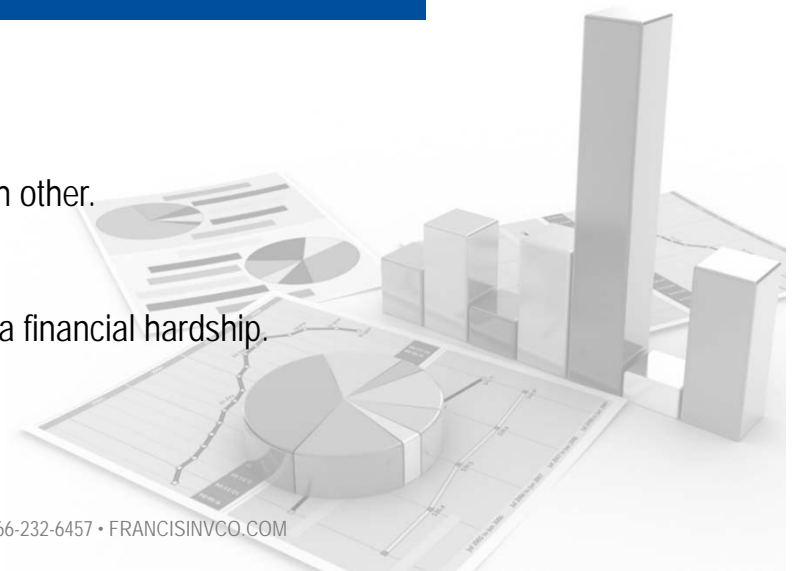
SURVEY

Interests

- I feel stressed about my finances.
- I would seek help for my finances if offered at work.
- Topics I would like to learn more about include...

Financial Skills

- I spend less each month than I earn.
- I have emergency savings of three months expenses.
- My credit card debt is (more/less) than one paycheck.
- My spouse and I openly discuss our finances with each other.
- I have a reliable budget in place.
- I know and understand my credit score.
- Saving for a major purchase or expense would create a financial hardship.



Manage and Measure

Create Employer Cost Metrics

- ✓ Cost of Turnover
- ✓ Cost of Absenteeism
- ✓ Cost of Presenteeism
- ✓ Cost of Delayed Retirement

Monitor trends in the data

Manage and Measure

Data Collection and Tracking

Analyze your data channels...

- ✓ What data do we already collect?
- ✓ What data points are missing that would be especially impactful?
- ✓ In what ways could we streamline our data collection?

Manage and Measure

Long-Term Payback – It's a Process



Source: WELCOA

- ✓ **RECOGNIZE CHANGE OVER TIME**
- ✓ **DOCUMENT RESULTS**



*Bring Financial
Wellness to Life*

Financial Wellness

Key Strategic Components



The Right Partner

Evolution of Financial Wellness Approach

RE-PACKAGE

Primarily focus on using existing providers' tools, information, and resources to facilitate independent employee learning

CREATE YOUR OWN

Pick and choose resources from existing providers and outside parties to custom-build specific employee learning opportunities and programs

OUTSOURCE

Select an external provider to custom-build and implement a financial wellness solution that is integrated into overall employee benefit package

The Right Partner

Questions to Consider

Do they: Educate?
Guide? Advise?

Are they any good
at what they do?

Fiduciary? Or sales
person?

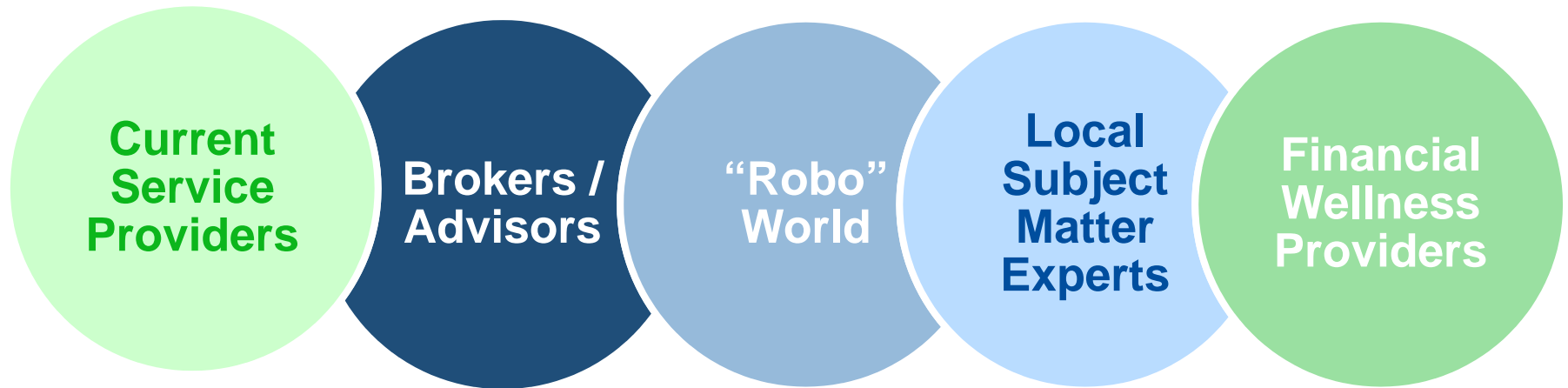
How do they get
paid?

Do they offer their
services on-site or
online?

How do they measure
results?

The Right Partner

Exploring the Marketplace



The Right Partner

Who's Out There

**Current
Service
Providers**

Approach

- Low or no cost – part of existing service relationship
- Offer retirement plan education repackaged as financial wellness
- Initiative may be lacking – requires more management

Issues to Consider

- Will employees understand this is a different program?

Examples

- Retirement plan recordkeeper
- EAP provider
- Existing wellness vendor

The Right Partner

Who's Out There



**Brokers/
Advisors**

Approach

- “Free” – Little or no cost because products are promoted
- May offer advice, but may not be objective

Issues to Consider

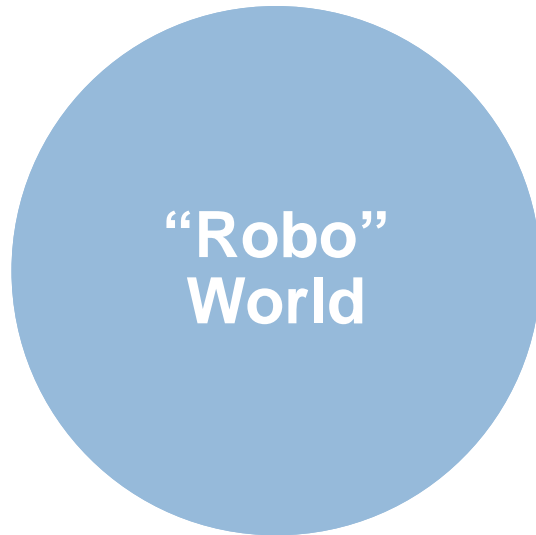
- Should employees be exposed to product sales?
- Does your organization feel comfortable endorsing the products and services?

Examples

- Local banks
- Insurance companies
- National brokerages (Edward Jones, Merrill Lynch, etc.)

The Right Partner

Who's Out There



| Approach |
|--|
| <ul style="list-style-type: none">• Offer low-cost online education and advice• Typically no on-site sessions (assumes an engaged workforce) |
| Issues to Consider |
| <ul style="list-style-type: none">• Does online only work for your population?• Will your employees use it?• Is it comprehensive enough?• Will it drive change? |
| Examples |
| <ul style="list-style-type: none">• Financial Engines• Guidance Choice• Hello Wallet |

The Right Partner

Who's Out There



Local Subject Matter Experts

Approach

- Offer no or low-cost education only
- Typically do not offer advice
- May market to employees to continue relationship

Issues to Consider

- Will the presenter effectively educate?
- How will change be measured?

Examples

- Local attorneys
- Healthcare providers
- Community resources

The Right Partner

Who's Out There



Financial Wellness Providers

| Approach |
|---|
| <ul style="list-style-type: none">• Offer a more complete, integrated initiative• Costs more• Offer customized education• May offer personalized advice |
| Issues to Consider |
| <ul style="list-style-type: none">• Are personalized, one-on-one meetings offered? |
| Examples |
| <ul style="list-style-type: none">• Francis Investment Counsel• SmartDollar (Dave Ramsey's workplace program)• Learnvest (owned by Northwestern Mutual)• Financial Finesse• Financial Fitness Group |

Financial Wellness

Develop Curriculum: Know Your Audience

Should program be onsite, on the go, or both?

Can program be held during the work day?

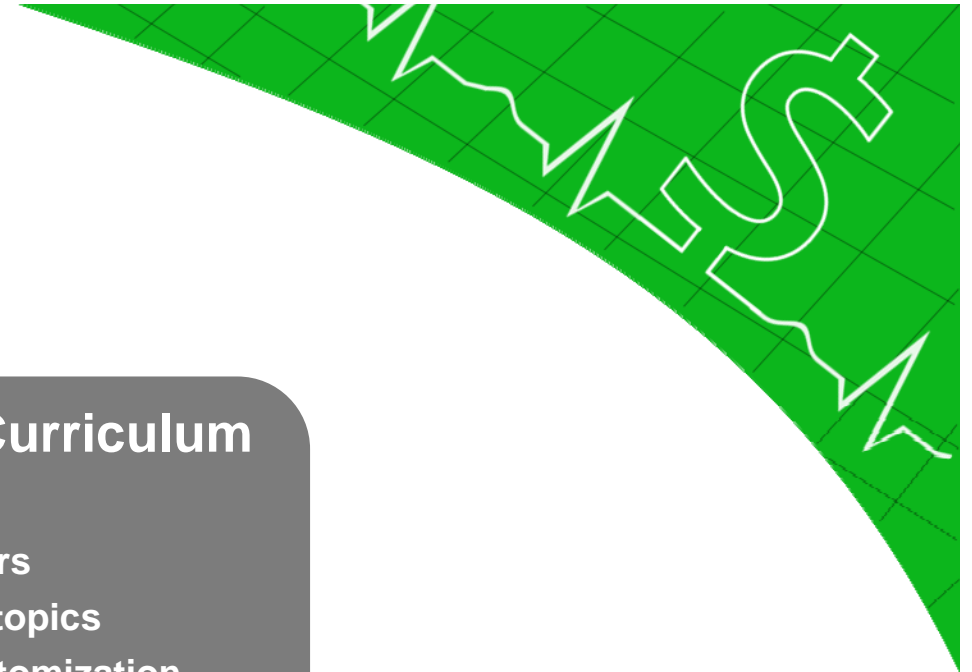
How tech savvy are your employees?

How are employees kept in the loop?

- ✓ Involve your HR team responsible for retirement plan
- ✓ Remember, it is not enough to offer the program, it must be used

Financial Wellness

Develop Curriculum



Develop Curriculum

- Set budget
- Hire partners
- Determine topics
- Expect customization
- Develop mechanism to measure change

BASIC MONEY SKILLS

- Establish Spending Plan
- Manage Credit and Debt
- Emergency Savings
- Investment Basics

SETTING AND WORKING TOWARD GOALS

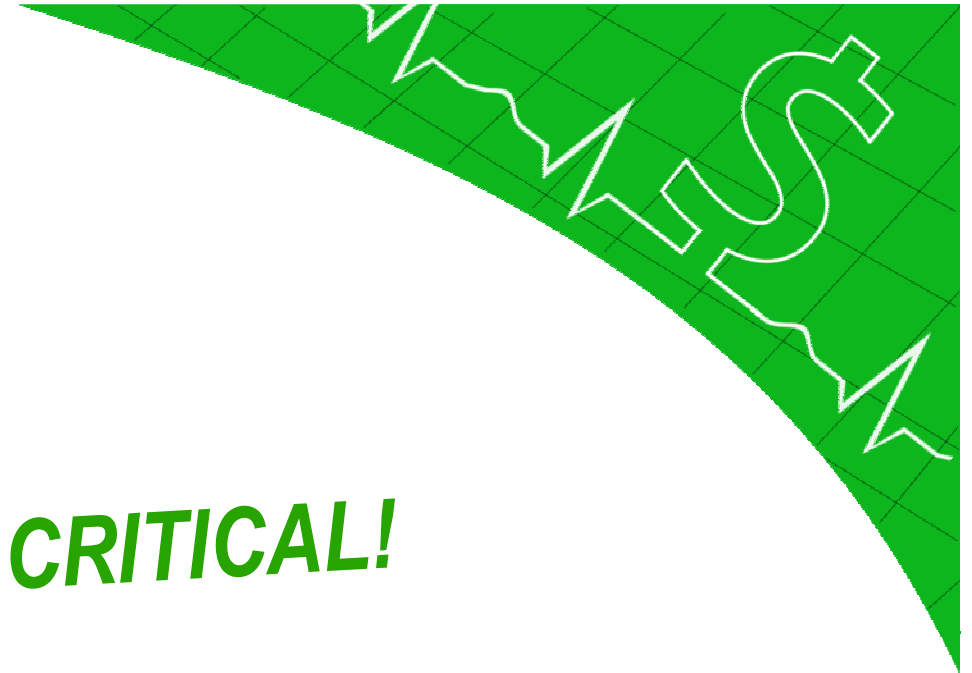
- Home
- Retirement
- College
- Vacations (trips and homes)

PLANNING FOR UNEXPECTED

- Insurance
- Estate Planning
- Beneficiary Elections

Financial Wellness

Secure Leadership Support



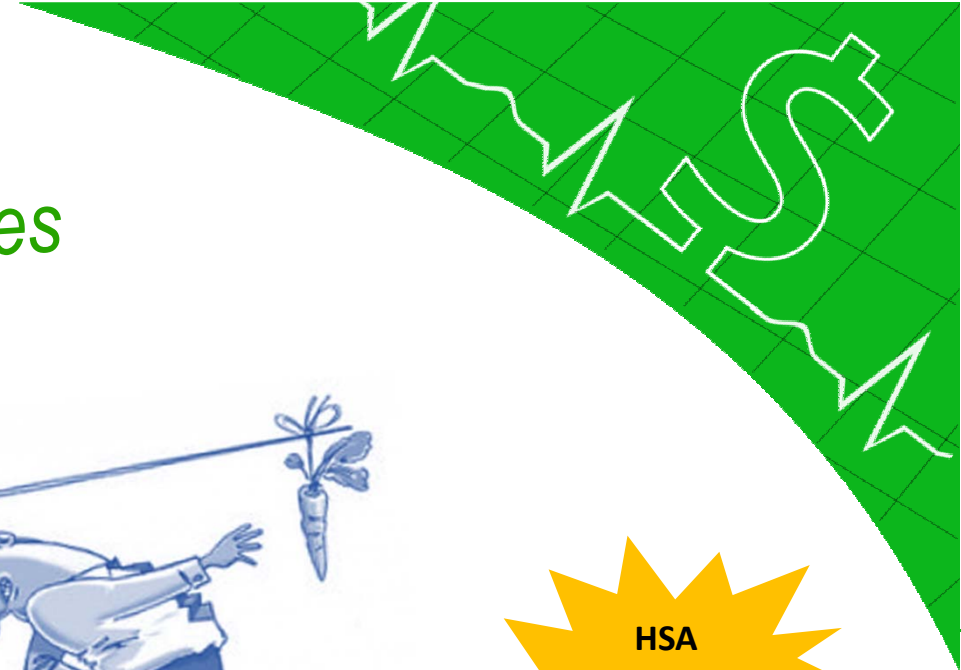
THIS IS CRITICAL!

- ✓ If management talks about it, others will too
- ✓ If leaders attend, others will too
- ✓ Consider wellness committee



Financial Wellness

Clear & Meaningful Incentives



Wellness initiative points

\$\$\$\$\$ or gift cards

Casual Day

Additional time off

HSA Deposit

Mandates

Financial Wellness

Example of Incentives



✓ **CONNECT**



✓ **SAVE**



✓ **PLAN**



✓ **INVEST**



✓ **SHARE**



Financial Wellness

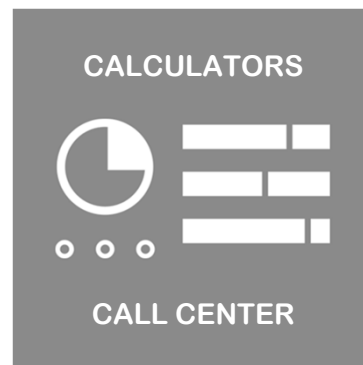
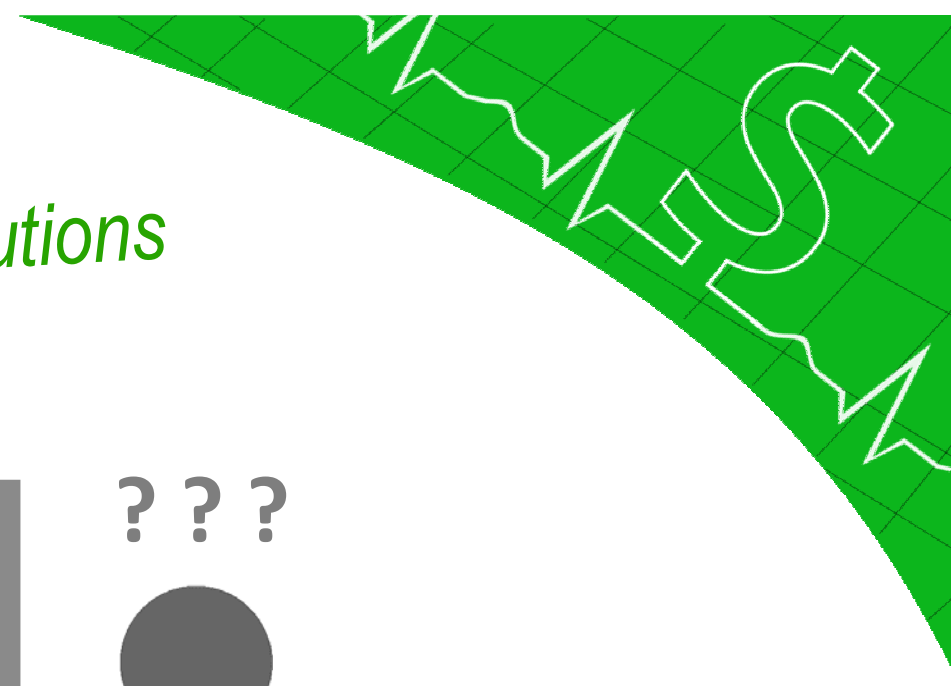
How to Get Employees Engaged



**Ideal Solution:
Mandates
and
Incentives**

Financial Wellness

Access to Personalized Solutions



FEELING ISOLATED &
OVERWHELMED

How to **REALLY** drive change:
Objective and personalized advice

Financial Wellness

Measure Results



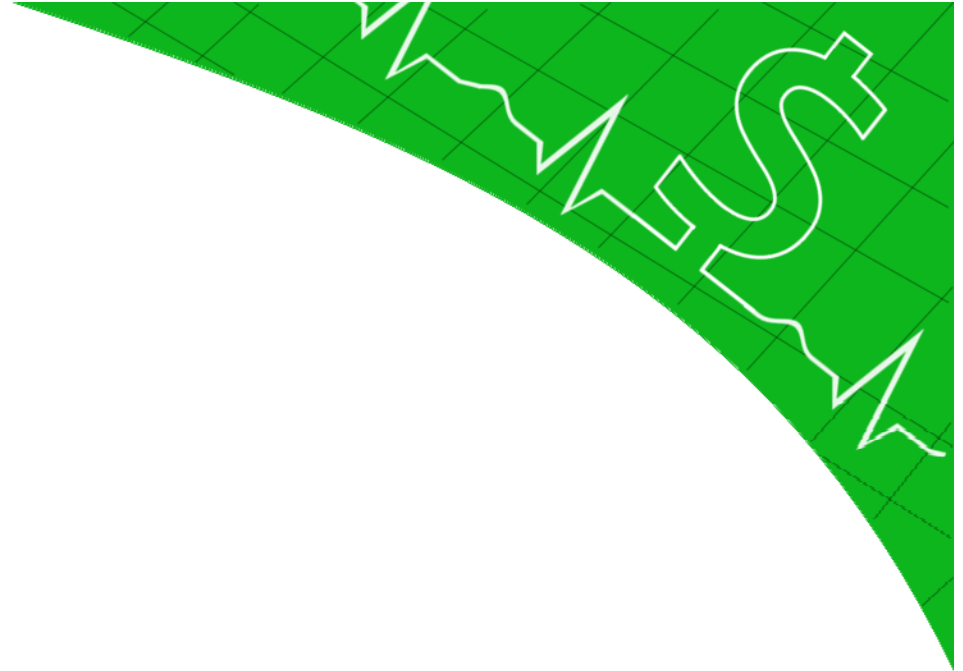
***Measure Results and
Do It All Over Again***



Taking care of what matters most: your employees



FRANCIS
Investment Counsel LLC



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