

35TH ANNUAL ISCEBS
Symposium

Healthy, Wealthy and Wise: Improving the Financial Well-Being of Your Workforce

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International Society
of Certified Employee Benefit Specialists

International Foundation
OF EMPLOYEE BENEFIT PLANS



Financial Wellness Defined

State of well-being where an individual has achieved the following:

- Minimal financial stress
- Living below their means with no high interest rate debt
- Emergency savings fund
- Income and assets protected from loss
- An ongoing plan to reach future financial goals



How Financial Wellness Impacts Physical Health

- Employees satisfied with their current financial condition were more likely to stick to their health resolutions, with 66% saying they had begun working on them compared with 55% overall¹
- 70% of the financially secure eat less than 300 junk food calories each day, compared to 97% of those financially stressed who eat more than 300 junk food calories²
- 76% of financially fit people exercise aerobically at least four days a week, but only 23% of financially stressed people do this²



SOURCES:

¹ *Fix Your Finances: Fix Your Health*, <http://www.cnn.com/id/102368541#>

² *Rich Habits: The Daily Success Habits of Wealthy Individuals*, <http://richhabits.net/>

Financial Stress Levels

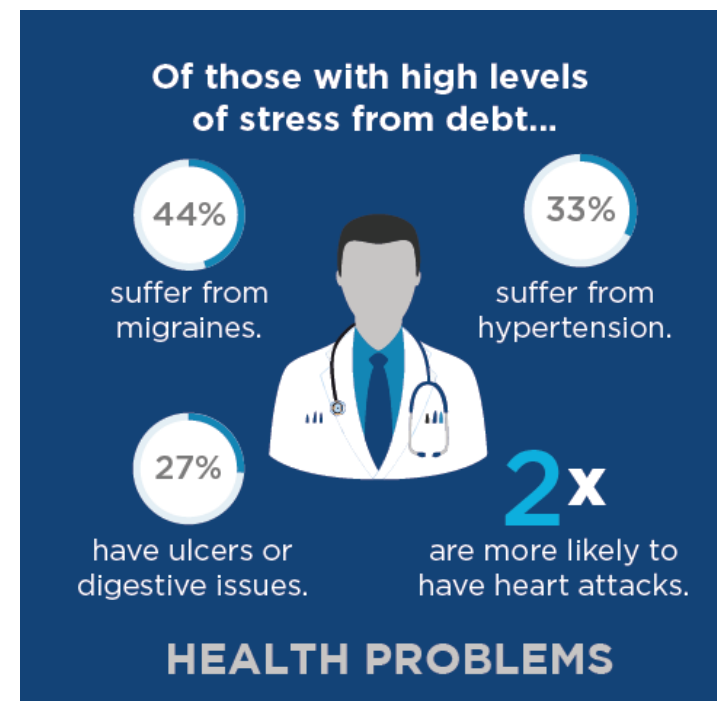
- Only 15% of employees report feeling no financial stress.
- The majority, at 60%, have some financial stress.
- However, 25% of employees felt they are at a point that their financial stress is high or overwhelming.



SOURCE: 2016 Financial Stress Report, Financial Finesse

Financial Stress Causes Health Problems

- Financial stress can negatively impact physical well-being.
- Stress levels push people to overeat.
- High financial stress can cause anxiety and even depression.
- One in five Americans say that they have either considered skipping (9 percent) or skipped (12 percent) going to the doctor in the past year when they needed health care **because of financial concerns**.



SOURCE: APA Stress In America, Paying With Our Health, February 2015

What's Troubling Employees?

I don't know what to do

My house is underwater **My bills are out of control**

Health care costs are killing me

I feel like I won't be able to retire

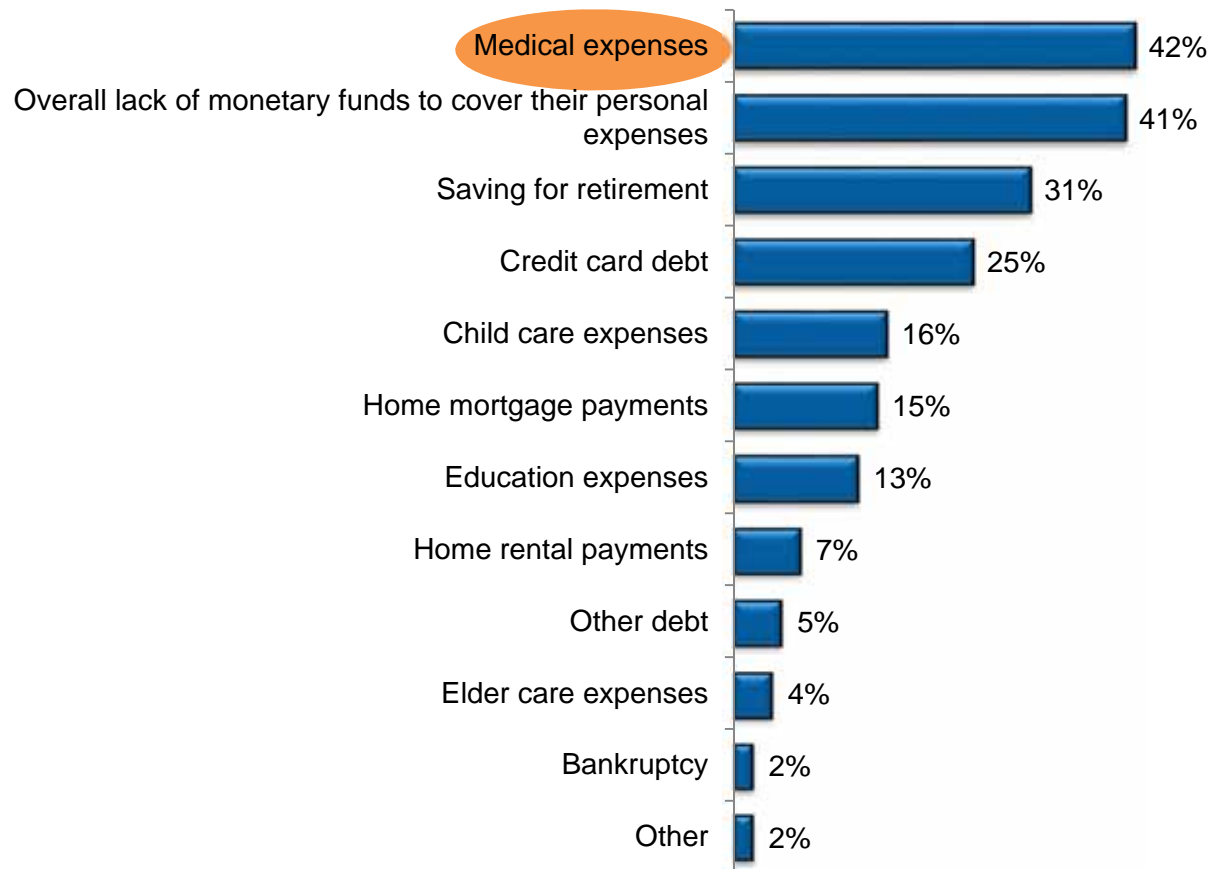
Insurance premiums Day care Taxes Car payments

Food Water bill Electric bill Rent Mortgage

Credit card bills Cable bill Phone bill Clothes

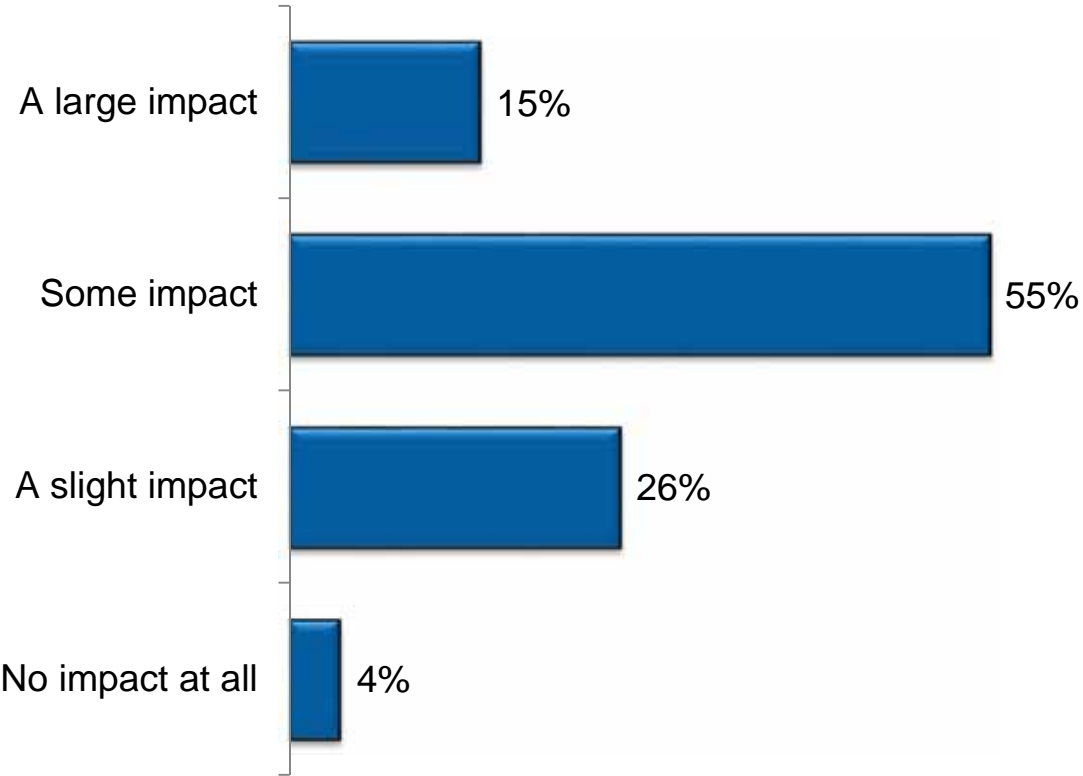
Inflation

Financial Challenges Organizations Report as Having Affected Employees the Most:



SOURCE: SHRM Survey Findings: Financial Wellness in the Workplace

What Impact Do Organizations Report that Employees' Financial Challenges Have on Their Work Performance?



SOURCE: SHRM Survey Findings: Financial Wellness in the Workplace

Sleep Deprivation



**6 OUT OF 10 LOSE SLEEP
OVER AT LEAST ONE FINANCIAL PROBLEM**

SOURCE: Creditcards.com: Poll-Women lose more sleep over money worries than men.

Loss of Sleep = Lost Productivity



SOURCE: The America Insomnia Survey

Substance Abuse and Smoking

Financial stress increases the risk of substance abuse.



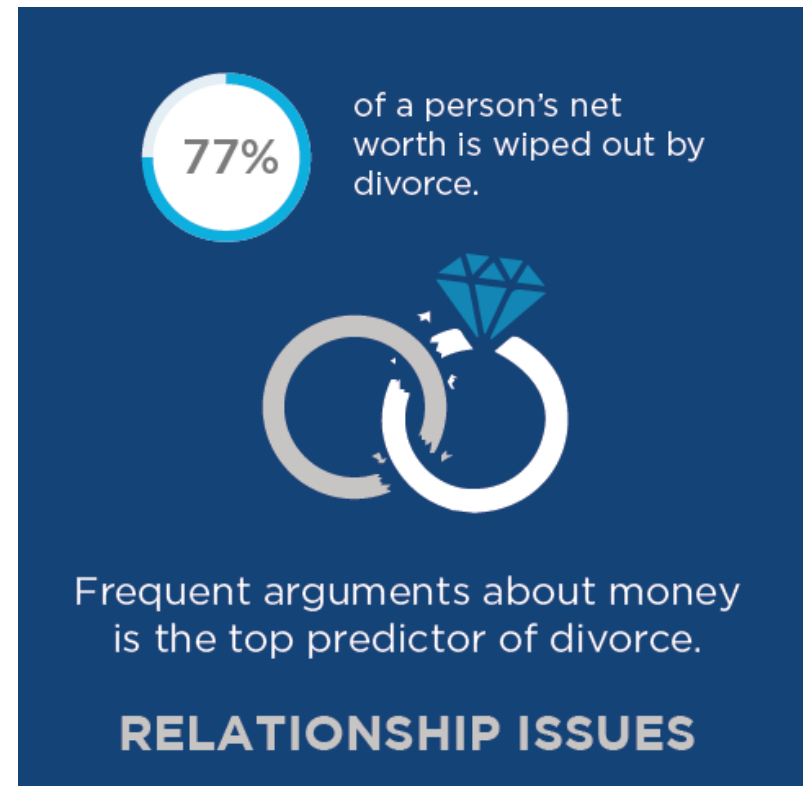
SOURCE: Socialworktoday.com



SOURCE: Society for the Study of Addiction

Financial Issues Can Lead to Divorce

- 22% of married employees reported high or overwhelming stress.
- Financial stress becomes magnified as a marriage unravels.



SOURCE: IFEBP Benefits Magazine, June 2016

Adding to the Stress on Employees

Myriad of Retirement Options



CONFUSION

Changes to Health Care Benefits



UNCERTAINTY

Transfer of Financial
Responsibility to Employees



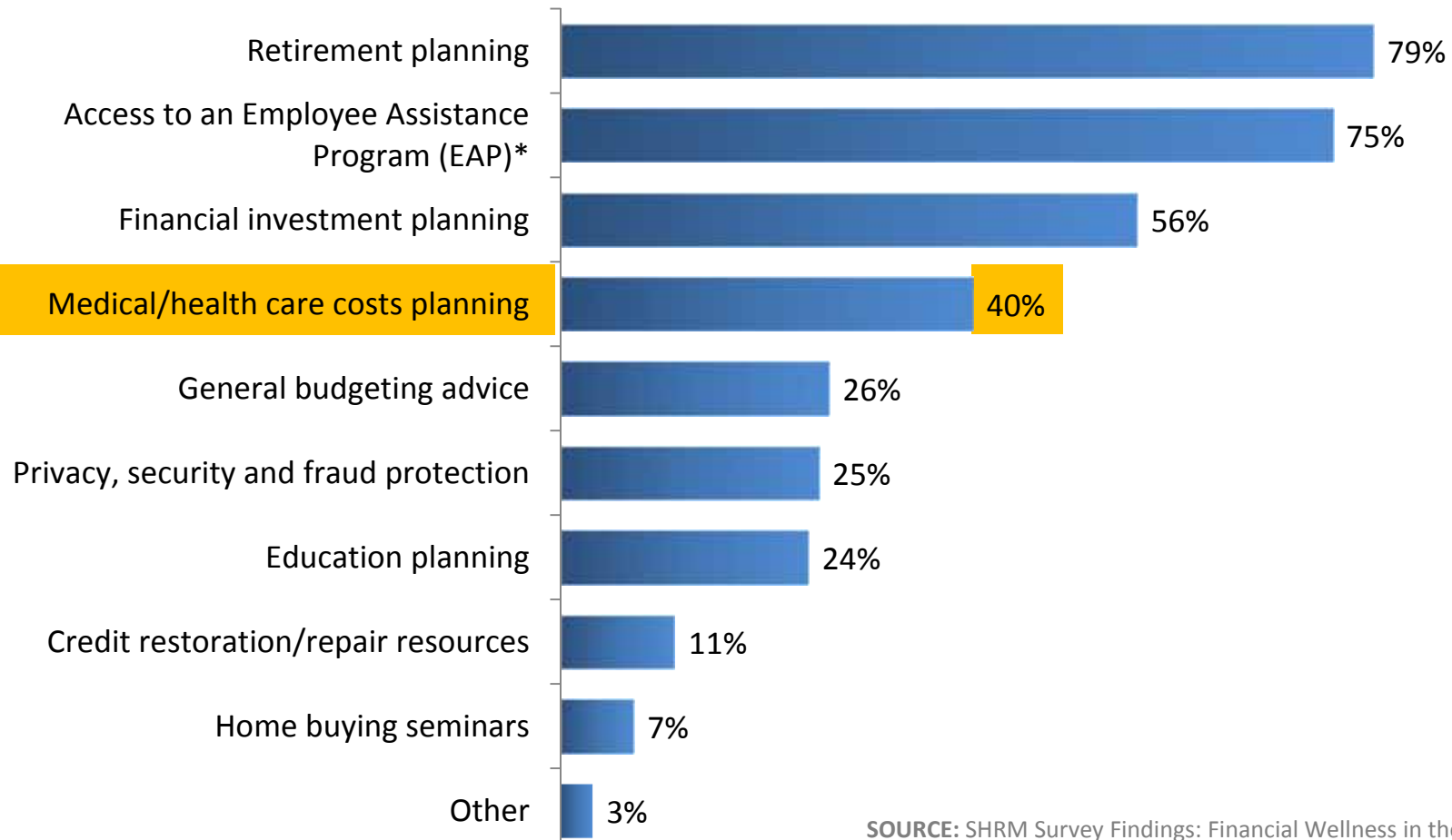
Employers in U.S. Reporting a Financial Wellness Strategy

Financial wellness gaining momentum among employers (by company size)

		Financial wellness strategy in place		Plan to have one within two years		Total
LARGE	2013	35%	+	13%	=	47%
	2015	48%		19%		69%
MIDSIZE	2013	33%		10%		43%
	2015	34%		13%		47%
SMALL	2013	18%		8%		26%
	2015	23%		6%		29%
ALL	2013	20%		8%		28%
	2015	24%		7%		32%

Source: Bank of America 2015 Workplace Benefits Report (*numbers have been rounded)

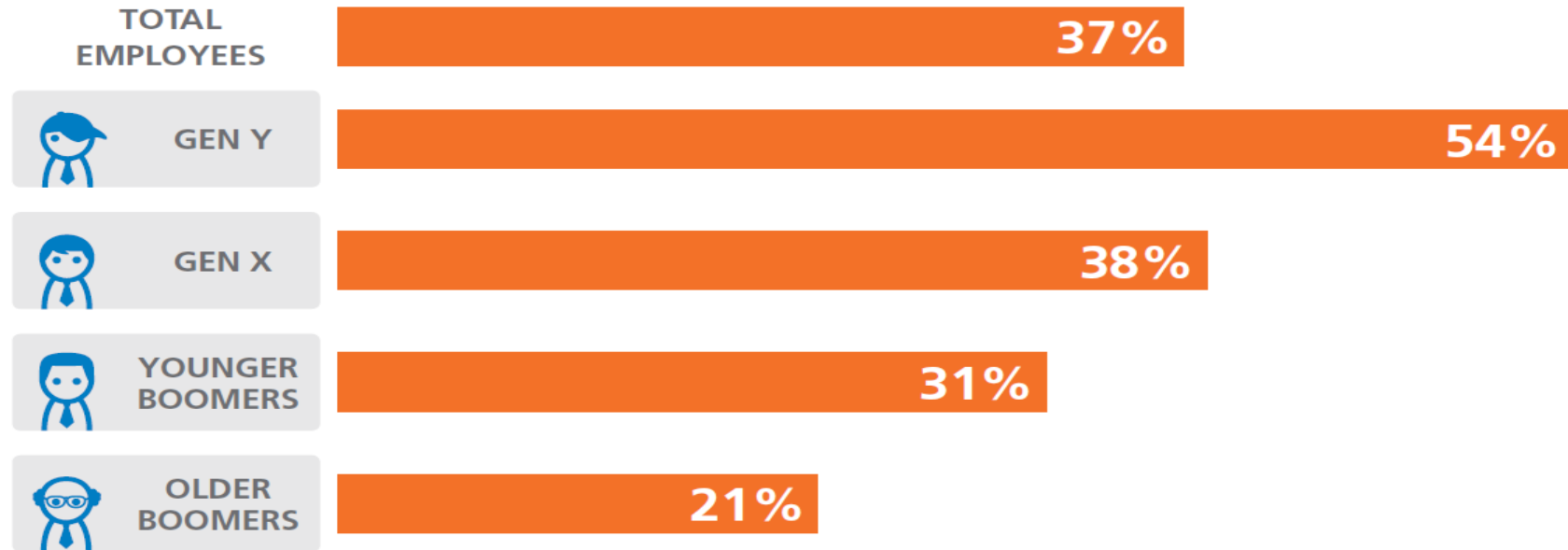
What Types of Financial Education Are Organizations Providing to Employees?



SOURCE: SHRM Survey Findings: Financial Wellness in the Workplace

Generational Needs

Employees who strongly agree that they need more help understanding how their benefits work and how these options help meet their needs



SOURCE: 12th Annual MetLife U.S. Employee Benefits Trends Study

Common Employee Myths Around HSAs



- Contributions are “use it or lose it”
- HSAs are just for the young and healthy
- Funds can only be used for medical expenses
- An HSA must be established through an employer
- I can’t keep my HSA if I am no longer enrolled in the CDHP or I leave my employer

Career Phase Communications

Gen Y

- Young, healthy = benefit from HSAs and CDHPs
- Tax advantages of healthcare and dependent care FSAs

Gen X

- Investment opportunities for HSA balances as they accumulate

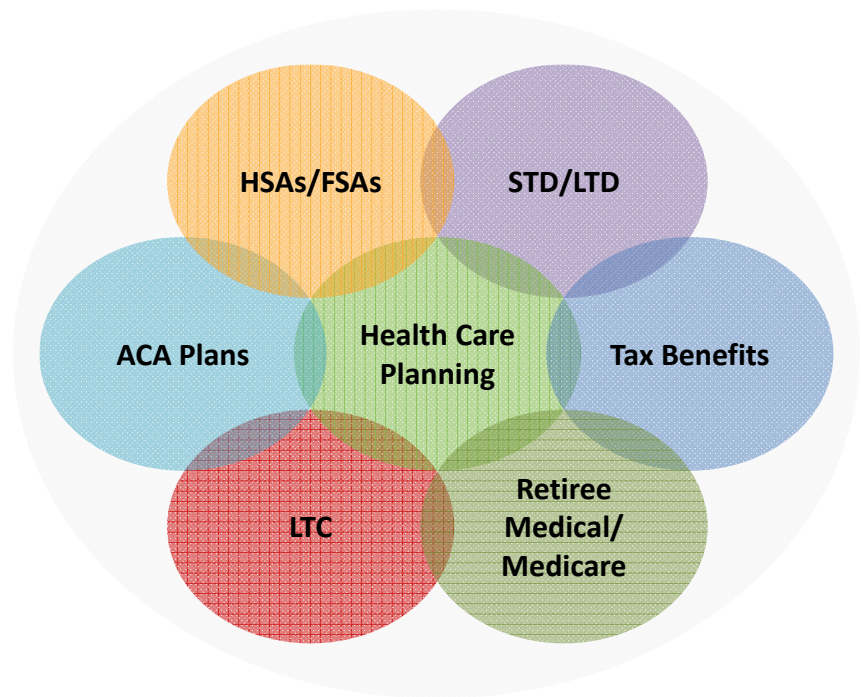
Baby Boomers

- Alternative healthcare options on the public exchange marketplace for pre-65 retiree medical coverage



Health Care Planning Education

- The focus should be holistic—integrating ALL aspects of health care planning, with an emphasis on maximizing employee benefits.
- Ongoing education on the importance of factoring in health care costs as part of an employee's overall financial plan.



Common Obstacles to Implementing a Financial Wellness Program

- Budget constraints
- Internal struggle between Health and Welfare team vs. Retirement team
- Lack of staff resources to dedicate to the program



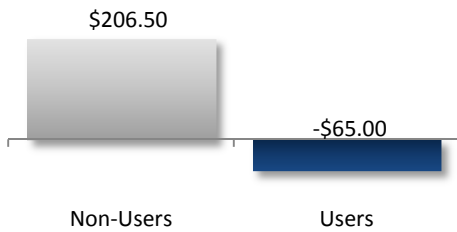
Designing Your Organization's Financial Wellness Program

- Evaluate your culture, work environment, and demographics
- Will all employees get the same program?
- What channels will work best to educate your workforce?

Delivery Method	Best For
Online assessment and tools	Initial introduction to program
On-site workshops	Manufacturing facilities and Baby Boomers
Webcasts	Gen X and Millennials
Over the phone	Remote or field workforce
In-person financial coaching sessions	Pre-retirees needing individualized guidance

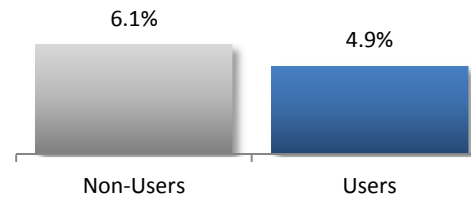
ROI Results from a Multi-Year Financial Wellness Program

Change in Health Care Costs



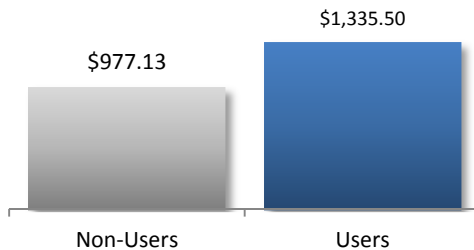
The Value of Financial Education on Healthcare Costs
 The observed improvement (\$271.50)
 X
 The population of users (9,083)
 = **\$2,466,034.50**

Garnishments



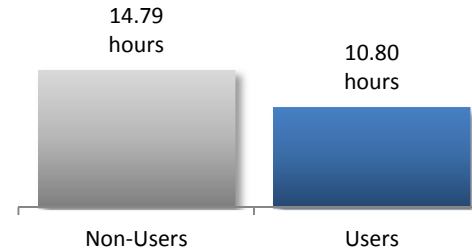
The observed improvement (1.2%)
 X
 The population of users (9,083)
 X
 The estimated annual cost to process a garnishment (\$300)
 = **\$32,698.80**

FSA and HSA Participation



The observed improvement (\$358.37)
 X
 The population of users (9,083)
 X
 The tax savings on employer contributions to FICA (7.65%)
 = **\$249,013.22**

Absenteeism

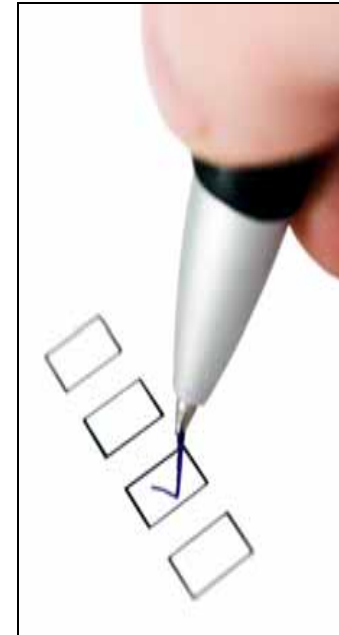


The observed improvement (3.99 hours)
 X
 The population of users (9,083)
 X
 The median hourly salary for one employee (\$25.24)
 = **\$914,727.13**

Getting Started

Tips and best practices:

- Provide unbiased financial coaching on both wealth and health planning
- Use multiple channels to reach all employees
- Offer incentives to participants
- Employees should have ongoing access and support
- Assess your workforce yearly to benchmark improvement year over year



Questions?

