

Employee Wellne\$\$: What's in Their Wallet?

SWBA 2018 Benefits Workshop

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Opting Out: Why Financial Well-Being
is So Elusive for Employees and What We Can Do About It

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Dealing with your money... not fun



Half the country does not have \$400 extra



47% said that either they would cover the expense by *borrowing* or *selling something*, or they *would not be able to come up with the \$400 at all*.

The Fed asked respondents how they would pay for a \$400 emergency.



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Twitter® Poll

Which one are you when it comes to your **#studentloans?**

34% Paying them off ASAP!

27% Slowly, but surely

39% I'll be in debt forever.

1,196 votes • Final results of Sum180 Twitter® poll



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Twitter® Poll

Where are you with saving for college for your kids?

11% We'll need minimal loans.

15% We'll come out debt free!

57% Hoping for scholarships!

17% Other (reply below)

33

1 votes • Final results of Sum180 Twitter® poll



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Twitter® Poll

Empty Nesters: Which best describes your financial situation now that the kids are out of the house?

39% I still support my kids

27% I'm saving a bit more

34% Not much has changed

254 votes • Final results of Sum180 Twitter® poll



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Twitter® Poll

Where are you with your retirement saving efforts?

32% It's too late why bother

15% I did the best I could

29% Every last bit counts

24% I feel prepared

1,028 votes • Final results of Sum180 Twitter® poll

Employees are under financial stress

- **50%** of employees have \$1,000 or less on hand for *sudden medical expenses*¹
- **81%** of employers offered a *high-deductible plan* in 2015²
- **70%** of 401k plan borrowers *defaulted* when they lost their job³
- **33%** of 401k plan participants took a *hardship loan*⁴



The two H's of financial insecurity:

Housing and Health



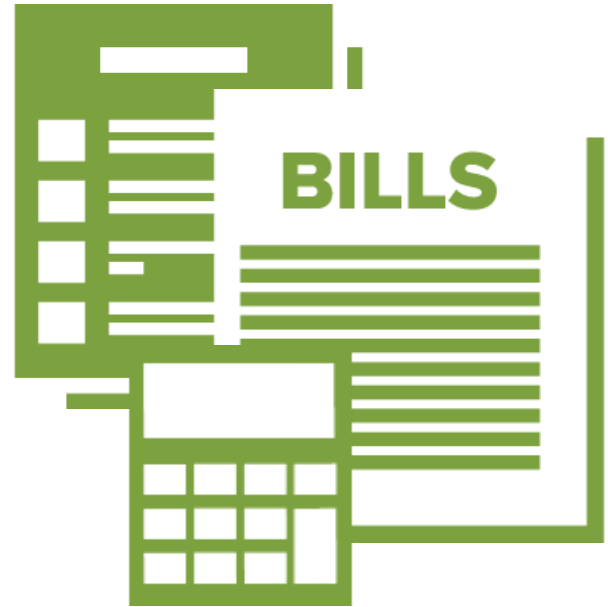
Racial divide

- The median net worth of white households is nearly \$111,000, compared to \$9,000 for Latino households and just over \$7,000 for African-Americans.
- Families of color have a far lower homeownership rate than whites (45% vs. 71%).



Financial stress affects productivity

Financial concerns lead to *absenteeism* and *lost productivity* in **15%** of employees





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Twitter® Poll

What do you struggle with the most?

25% How much to save

52% How to save more

13% What to do with your savings

10% How much debt is okay

8,799 votes • Final results of Sum180 Twitter® poll

Where are the problems?



Saving for retirement (81%*)



Pay off your credit cards (46%*)



What life insurance you need (30%*)



Home and mortgage debt (8%*)



How much to save, build your emergency fund (84%*)

* Percentage of beta users' [SUM180 Plans](#) that included this Next Step among the first three (3) Next Steps



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Twitter® Poll

What is your biggest barrier to financial freedom?

18% Confusion: what's next?

21% Debt gets in the way.

10% Ignoring my finances

51% I just don't have enough.

1,422 votes • Final results of Sum180 Twitter® poll

A crisis in financial well-being

- People are overwhelmed, fearful and generally not dealing with their money
- Financial stress is costing companies money
- Traditional solutions alone – financial education/literacy and access to advisors for defined contribution accounts – aren't fixing the problem



A focus on behavior change

Key principles:

- **Social cognitive change theory** – learning occurs through interaction
- **Positive psychology** – emphasizing factors that allow people to thrive
- **Small, personalized steps** – promoting the Action Stage of Change
- **Gamification online** – invite, encourage, account

How to apply the principles to personal finance



Friend
(Community)

+



Feedback
(Accountability)

+



Fun
(Mastery)

Like Weight Watchers for your money



Earning employees' trust

- Private, confidential
- In their time and space, online
- Start where they are, nonjudgmental
- Simple, only add complexity when they invite it
- Unbiased, not selling anything





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Twitter® Poll

You know you need to deal with your money, but sometimes it's hard to get motivated. What would actually encourage you to start saving?

57% Seeing the numbers.

17% Having a few next steps.

17% Auto-withdraw savings.

9% Keeping up with my peers.

175 votes • Final results of Sum180 Twitter® poll

Encouraging change

- Deal with their comprehensive picture
- Show them where they stand
- Emphasize their accomplishments
- Give personalized, actionable steps
- Give “how to” education and helpful tips specific to their steps
- Prompt social engagement and learning, with expert content but also sharing with peers



What you make



What you spend



What you own



What you owe



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Twitter® Poll

What would encourage you to take action with your finances?

18% Having an action plan

26% More financial education

28% Setting clear goals

28% Knowing where I stand

284 votes • Final results of Sum180 Twitter® poll

Supporting action

- Small steps that can be accomplished in a few months
- Notifications prompting progress
- Tracking progress for accountability, including on mobile app
- Share stories online and support one another
- Get coaching from an adviser

A new willingness to deal with your money

- Dare to hope, a better financial situation is possible
- Tune in, shine a bright light on financial stressors
- Make time, set aside regular time to work on this
- Re-envision your future, be honest about your resources and plan
- Find your next step, it's easy to move forward step by step



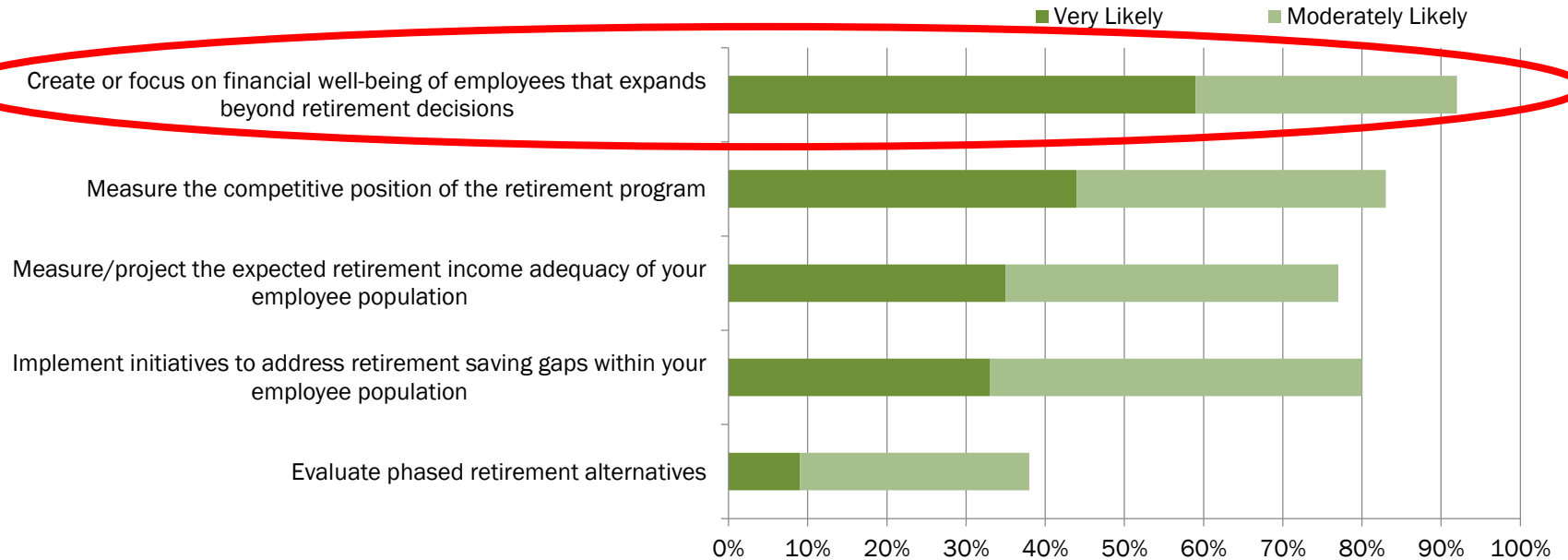
Addressing financial stress...

Drives *engagement, productivity* and *success* by as much as **\$400/employee**

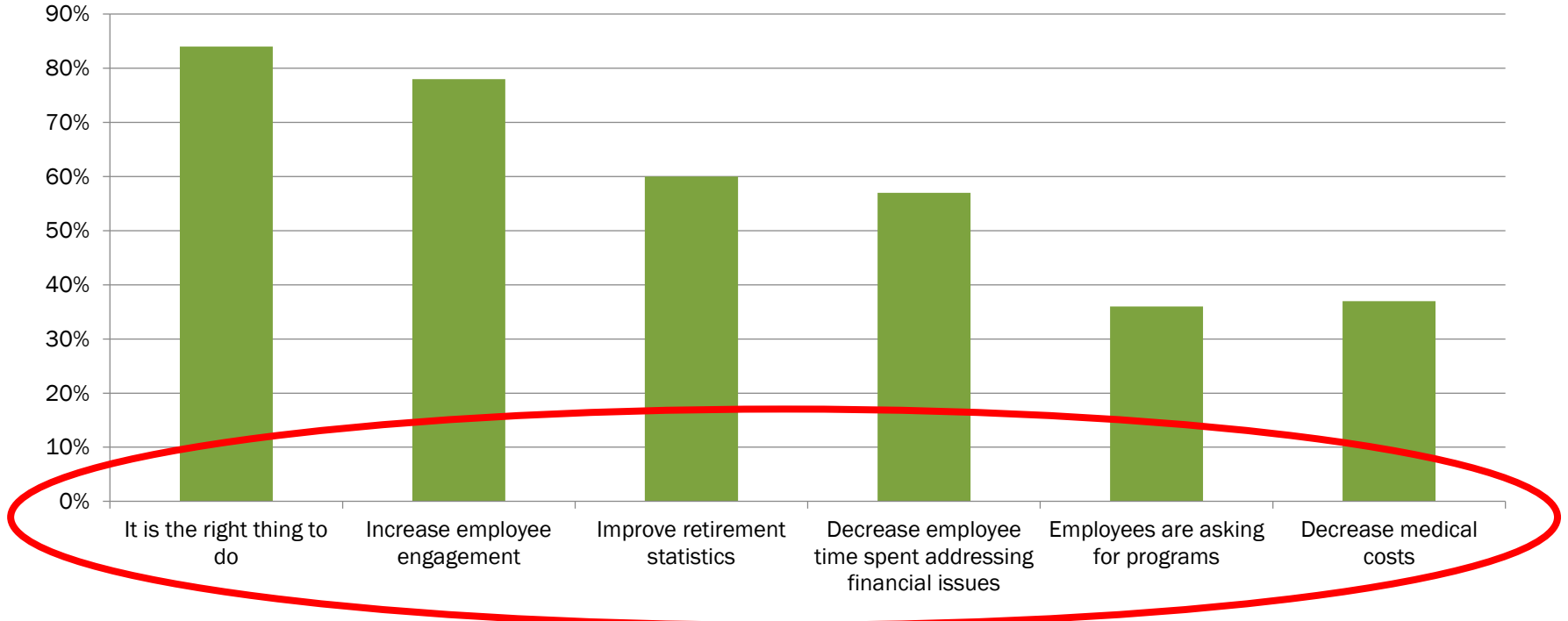
Breeds greater *loyalty* and *connection* and can positively impact as many as **50% of employees**

Companies are pursuing solutions

How likely is your organization to address the following initiatives in 2016?



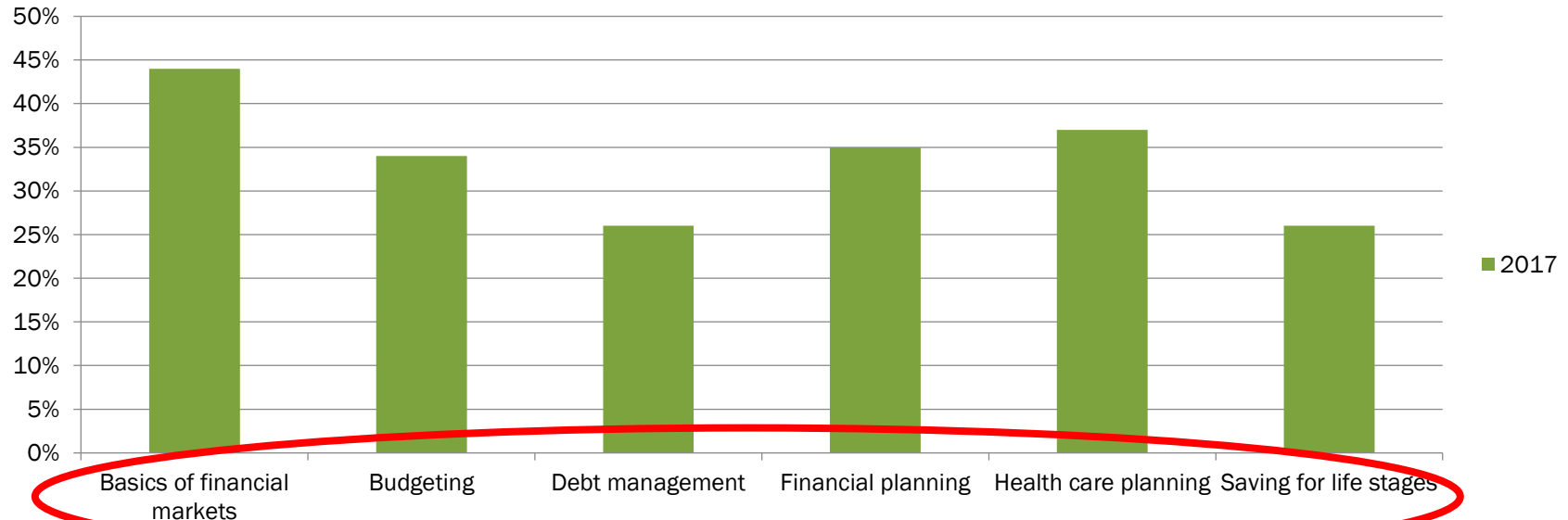
Employers' reasons for offering financial wellness



What's offered out there today

Financial Wellness Tools, Services, and Campaigns Offered to Employees

2017



What employees want

56% of employees wish the financial resources offered by their company used “*friendlier language*”, and **36%** say they are *intimidating to use*.

Friendly, No jargon

60% would not want their coworkers to know if they were to participate and **45%** would not want their company to know. **49%** would prefer a *web-based* tool.

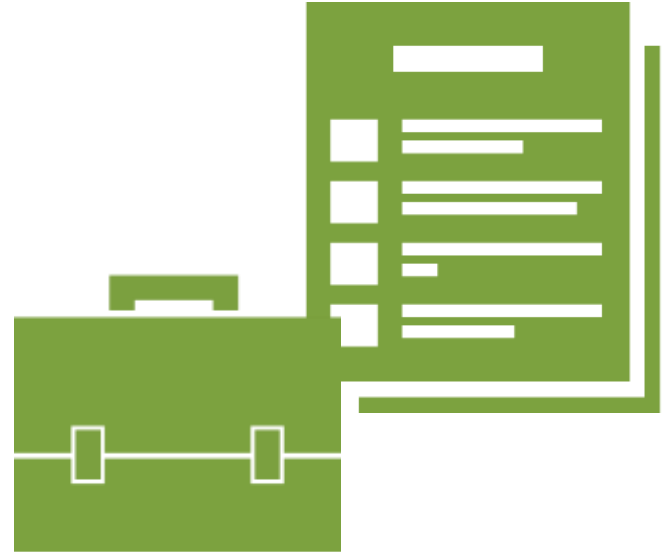
Private, Online

1 in 3 Americans has \$0 saved for *retirement*, and another **23%** has *less than \$10,000* saved.

Enough to Retire

Wellness lowers cost

Employees with high overall “*well-being*” have **41%** lower health-related costs compared with employees who are “struggling” and **62% lower costs** compared with employees who are “suffering.”





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Twitter® Poll

What employee benefit rewards would best motivate you?

59% Employer 401(K) match

11% Office time to work on it

21% Redeemable rewards points

9% Intrinsic motivators

950 votes • Final results of Sum180 Twitter® poll



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Twitter® Poll

Which issue at work would be most likely to push you to start looking for a new position?

16% Lack of strong benefits

24% Poor company culture

25% Work-related stress

35% Feeling undervalued

658 votes • Final results of SUM180 Twitter® poll

ROI: It's about retention

The biggest concern for business leaders in 2017 is retaining employees in an increasingly competitive talent marketplace.

The average cost to an employer per *new employee* hire is **\$4,129**, while the average time it takes to fill a given position is **42 days**.





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Twitter® Poll

What are you doing right with your money?

32% I've avoided debt so far

39% Saving some each paycheck

14% My goals are doable

15% I'm making time for it

2,548 votes • Final results of Sum180 Twitter® poll



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Twitter® Poll

Which is the most important when it comes to having the flexibility to enjoy your money?

12% Living within your means

10% Have an emergency cushion

6% Being on track to retire

72% They're all important

2,205 votes • Final results of Sum180 Twitter® poll



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Twitter® Poll

What do you believe would make the strongest impact on your financial future?

48% Keeping housing costs low

14% Low entertainment costs

14% Setting up auto-saving

24% Max 401(K) contributions

625 votes • Final results of Sum180 Twitter® poll



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Twitter® Poll

What are your financial goals for 2017?

10% Set a budget & honor it.

12% Pay down my debt.

55% Build up my savings.

23% Cut down on spending.

1,18

5 votes • Final results of Sum180 Twitter® poll



Helping your employees
live better today

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