

*The
Wild
West
of
Benefits*

SWBA

**43RD ANNUAL
CONFERENCE**

MAY 9-11, 2018

**HYATT REGENCY
LOST PINES
AUSTIN, TX**

A Fistful of Dollars

Strategies and Best Practices for Financial Wellness

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Moderator—CAPTRUST

Toby Todd

Panelist—Ericsson

Lisa Boucher

Panelist—Financial Engines

Why Financial Wellness Now?

Industry has checked the boxes on DC plan design¹

- Participation: 65% offer auto-enrollment
- Savings: 63% offer auto-escalation
- Asset allocation: 93% offer TDFs; 84% offer advice

Challenge: balancing the NOW with the NEXT

- 57% of Americans have <\$1K in savings account³
- 39% report having no savings at all³
- 47% report that income exceeded spending in prior year⁴

So why are participant outcomes lagging?²

- Only 15% of plan sponsors satisfied with savings rates
- Only 22% satisfied with diversification
- Only 16% satisfied with loans/withdrawals

1. Callan DC Trends Survey, 2017

2. 2017 Hot Topics in Retirement and Financial Wellbeing

3. GoBanking Rates 2017 Survey

4. Federal Reserve Report on the Economic Well-Being of US Households – May 2017

Demystifying Financial Wellness

What is financial wellness?

Financial Wellness:

Definition:

the state of being in good financial health, especially as an actively pursued goal.

Financial health is a term used to describe the state of one's personal financial situation, including the amount of savings you have, how much you are setting away for retirement and how much of your income you are spending on fixed or non-discretionary expenses.



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Demystifying Financial Wellness

Definition for employees vs. employers:

Employees

Financial wellness is viewed as health and not necessarily accumulation of money or wealth.

Employers

Financial wellness is achieved through a program designed to improve and/or change employee behaviors using a variety of methods.

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Demystifying Financial Wellness

- **3 in 5** employees experience moderate to high level of financial stress
- **46%** of those distracted by their finances spend three or more hours a week dealing with personal finance issues
- **19.5 days** of lost productivity per worker annually

Source: State Street Global Advisors, "DC Investor Survey: Biannual Report," 2015; PwC, "Employee Financial Wellness Survey: 2017 Results," 2017.

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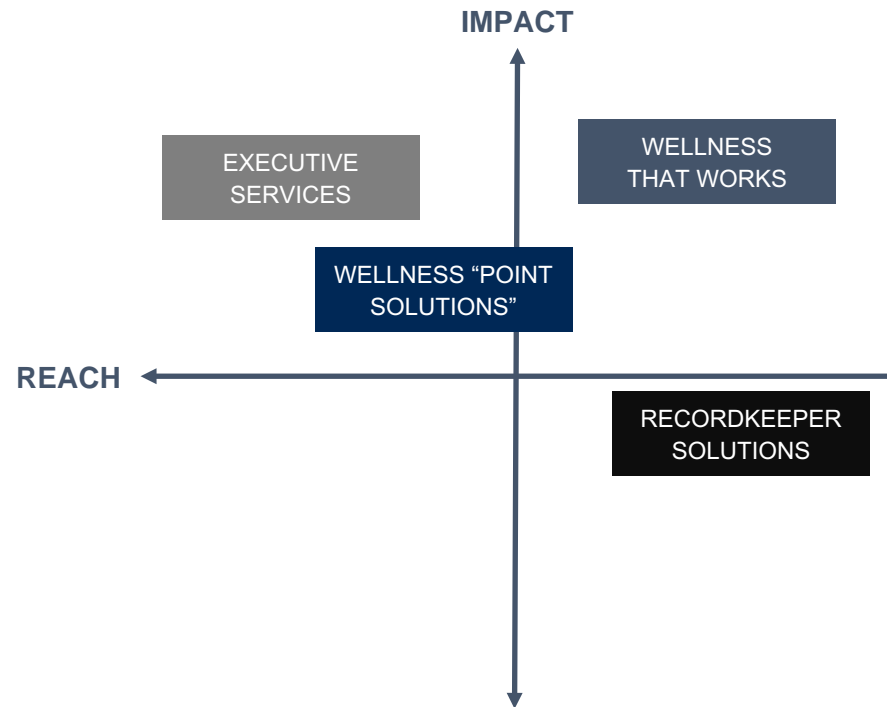
Demystifying Financial Wellness

What employers want included in their financial wellness program:



Service Providers Need to Address a Gap

By providing scalable solutions that generate broad usage and results



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Wellness That Works

1. Help with the bigger picture

Support balancing the “now with the next”

2. Meet people where they are

Being there at key “life moments” when help is needed most

3. Educate, estimate, execute

Driving outcomes by moving from education to action

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Help with the Bigger Picture

Help in the past has focused on retirement.

- 401(k)
- IRA
- Target date funds
- Healthcare
- Long-term care
- Estate planning
- Social Security
- Income

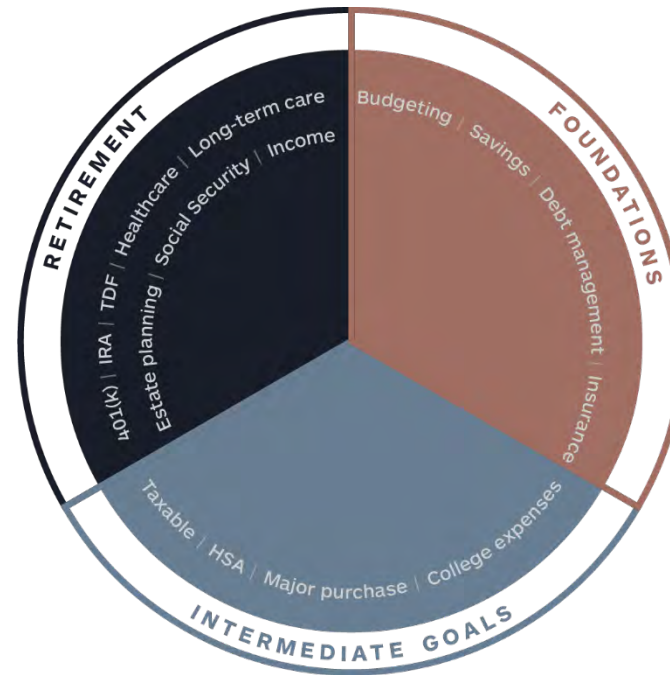


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Help with the Bigger Picture

The future: helping with foundations, intermediate goals, and retirement.

- Foundations:
 - Budgeting
 - Savings
 - Debt management
 - Insurance
- Intermediate goals:
 - Taxable
 - Health savings accounts
 - Major purchase
 - College expenses



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Meet People Where They Are

Wellness layer

- Targeted communications and ongoing educational topics

Life moments layer

- Calendar-based: New Year's, tax time, open enrollment
- Recordkeeper data: birthday, salary increase, job start/termination, catch-up, Social Security eligibility
- Supplemental data: baby, marriage, loan, corporate action (e.g., voluntary reduction in force)

Meet People Where They Are

Shield	Capture	Escape	Leverage	Achieve
Protect yourself from catastrophic losses and plan ahead for unexpected costs	Get free money with 401(k) match	Stop fighting against the power of compound interest	Put the power of compound interest to work for your long-term financial goals	Realize other important personal goals
<ul style="list-style-type: none">• Emergency fund• Insurance<ul style="list-style-type: none">• Health• Home/renter's• A&D• Term life• HSA	<ul style="list-style-type: none">• Contribute enough to receive the full 401(k) match	<ul style="list-style-type: none">• Pay off high interest debt<ul style="list-style-type: none">• Credit cards• Payday/title loans• Rent to own	<ul style="list-style-type: none">• Contribute sufficiently into 401(k) and other retirement vehicles to meet retirement goals	<ul style="list-style-type: none">• College fund• Home purchase• Dream vacation• Pay off college loans

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Educate, Estimate, Execute

Educate	Estimate	Execute
Learning modules Education center website In-person workshops Webinars	Emergency fund, budgeting, debt, and insurance digital planners College expense, student loan, and HSA digital planners Retirement expense, healthcare, and Social Security digital planners	Automated saving Target date funds Advice 401(k) and IRA managed accounts Holistic lens of all assets

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Ericsson E-Wealth Financial Wellness

Ericsson's E-Wealth program offers a blend of digital tools and one-on-one financial coaching, with no employee cost

- Provides employees with a resource that helps guide them with step-by-step assistance on financial decisions
- Ability to work with a live coach
- Live webinars to meet areas of employee interest
- Messaging to employees is that overall wellness is physical, mental, and financial
- Utilization of the E-Wealth program to emphasize key benefits changes and help employees maximize value



E-WEALTH
MAKING YOUR FINANCIAL LIFE EASIER

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Ericsson E-Wealth Program - AYCO Digital Platform Examples

Checklist

Interactive step-by-step guide is based on individual employee's answers to the assessment

The screenshot shows the AYCO digital platform interface for a checklist. The header includes the AYCO logo, navigation links (Checklist, Coaching, Events, Learning Center, Ayco360, Account, Logout), and a score of 227. The main content area is titled "Checklist" and includes a personalized message. Below this, there are three checklist items, each with a "How do I do this?" link and a progress indicator. The first item is "Outline your wishes for medical treatment" with a progress indicator of 0/1. The second item is "Create a plan to meet your short and/or long term investment goals" with a progress indicator of 0/1. The third item is "Make a plan for when you're gone" with a progress indicator of 0/1. On the right side, there is a "Have questions about your checklist?" section with a phone number (123) 456-7890 and an "Additional tools and resources" section with links to various calculators and guides.

Financial wellness score

In 10 minutes, employees establish a baseline score through a series of questions about their finances and habits

The screenshot shows the AYCO digital platform interface for a financial wellness score. The header includes the AYCO logo, navigation links (Checklist, Coaching, Events, Learning Center, Ayco360, Account, Logout), and a score of 227. The main content area is titled "Checklist" and includes a personalized message. Below this, there are three checklist items, each with a "Go to your checklist" button. The first item is "Outline your wishes for medical treatment" with a category of "PROTECTING MY FAMILY". The second item is "Create a plan to meet your short and/or long term investment goals" with a category of "GROWING MY ASSETS". The third item is "Make a plan for when you're gone" with a category of "PROTECTING MY FAMILY". On the right side, there is a "Score" section with a large circular gauge showing the score 227. Below the gauge, there are two boxes: "Average Score: 179" and "Percentile: 96th". There is also a "Download the About Your Score PDF" link. At the bottom right, there is an "Ayco360" section with a "Link financial accounts" button.

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Ericsson E-Wealth Program - AYCO Digital Platform Examples

Organization

Linking accounts to a data aggregation tool gives employees an organized view of their financial life in one place

The screenshot displays the AYCO360 interface for user Kim Sample. It features a navigation bar with options like Home, Organizer, Spending, Investments, Vault, Reports, Settings, and Sign Out. The main content area is divided into several sections: Accounts (with a list of Cash, Credit Cards, Investments, Life Insurance, Loans, Property, and Stock Options), Financial Summary (showing Assets at \$89,233 and Liabilities at -\$1,275), Investments (with an Asset Allocation table), Spending (a bar chart showing Income of \$14,976, Expenses of -\$6,059, and Net of +\$8,917), and Recent Transactions (listing items like Cash Withdrawal, STRIDE RITE, IRS, and STAPLES 99231 VALLEY FORGE - DUPLICATE).

Education

Interactive learning content includes videos, tools, and worksheets

The screenshot shows the AYCO Learning Center interface. It includes a navigation bar with options like Checklist, Coaching, Events, Learning Center, Ayco360, Account, and Logout. The main content area is titled 'Learning Center' and features a grid of interactive learning content categories such as Financial Wellness Overview, Taxes, Managing My Risk, Growing My Assets, My Personal Finances, Protecting My Family, My Benefits, Planning for Change, and Doing Social Good. Each category lists specific topics and resources available to the user.

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Ericsson E-Wealth Program Personal Coaching Delivered by AYCO

Coaches can speak to a wide array of topics

- Available to develop an ongoing financial plan or one-time questions
- Spouse can join conversations
- Ability to work with the same coach

Organizing everyday life

- Budgeting and debt reduction

Major life events

- Retirement and education saving

Maximize company benefits and navigate changes

- Advocates for Ericsson benefit plans



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Key Considerations

Participants

- Non-conflicted help by putting participants' best interests first
- Relevant engagement programs that meet participants where they are
- Solutions that drive action across participants' financial lives

Plan sponsors

- Increased fiduciary protection, working with a non-conflicted provider
- Reach and impact: broad usage that drives measurable wellness outcomes
- Convenience of one wellness provider across a range of needs



Questions

Thank you!

This material is intended to be educational only and should not be considered investment advice.

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