HEALTH WEALTH CAREER

THE NEXT FRONTIER IN FINANCIAL WELLNESS

A PRESENTATION BY MERCER

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Derek Cushman
Betsy Dill
TODAY’S SPEAKERS

BETSY DILL, SENIOR PARTNER
US Financial Wellness Leader

DEREK CUSHMAN, PRINCIPAL
US Financial Wellness Solutions Leader
FINANCIAL WELLNESS: A LOW – AND HIGH – PAID PERSON’S PROBLEM

55% of Americans experience income that fluctuates more than 30% in income on a month-to-month basis.¹

Payday loan stores outnumber McDonald’s and Starbucks coffee stores combined.²

Nearly 1 in 4 people making more than $100,000 per year find it difficult to make their minimum credit card payments every month.³

¹ JP Morgan Chase, Paychecks, Paydays, and the Online Platform Economy 2016
² Zinman, 2008
³ PwC, Employee Financial Wellness Survey 2015 results
**MUCH IS BEYOND WHAT EMPLOYERS CAN SEE**

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WHY ARE SOME EMPLOYERS TAKING ACTION?

Reduce stress and health-care costs
Support talent acquisition / retention
Improve employee productivity / reduce absenteeism
Improve retirement outcomes
WHAT IS FINANCIAL WELLNESS?
MERCER’S VIEW - A LIFELONG JOURNEY

CONSUMER FINANCE PROTECTION BUREAU’S (CFPB) FOUR ELEMENTS OF INDIVIDUAL FINANCIAL WELLNESS

Have control over day-to-day, month-to-month finances
Have the capacity to absorb a financial shock
Are on track to meet financial goals
Have financial freedom to make choices to enjoy life

FINANCIAL WELLNESS NEEDS

Participant enters workforce
Life event occurs and an intervention is needed
Phase of employment changes (e.g., nearing retirement, leaving company)
Participant enters retirement, drawdown phase

COMPREHENSIVE EMPLOYER FINANCIAL WELLNESS PROGRAMS HELP EMPLOYEES WITH:

ASSETS
LIABILITIES
INCOME / EXPENSES
INSURANCE / PROTECTION

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THE OLD FRONTIER OF FINANCIAL WELLNESS
EMPLOYER VENDORS

- Retirement plan vendor
- Health insurance vendor
- Employee assistance program vendor
- Health wellness vendor
- + Financial wellness vendor (often focuses heavily on education)
$218 BILLION INVESTED IN PAST 5 YEARS
The goal is getting people to take action (and to take the right actions).

Large employer offered free educational program to employees

Impact was to increase score on a quiz of financial literacy from 54% before to 55% after\(^1\)

Making decisions from scratch is hard and cognitively expensive

WEIGH ALTERNATIVES
MAKE DECISION

OBTAIN INFORMATION
FORM OPINIONS AROUND OPTIONS

\(^1\) Benartzi and Thaler, 2007
FINANCIAL WELLNESS CASE STUDY #1

Retailer with many employees living paycheck-to-paycheck

Many have not made a habit of saving, and emergencies affect ability to staff stores

Explored budgeting tools, but many too expensive

High numbers of “do-it-for-me” employees

ADOPTED BUDGETING TOOL FOR PILOT GROUP, EXPLORING NEXT STEPS
FINANCIAL WELLNESS CASE STUDY #2

- Large technology company, interested in a range of financial wellness offerings
- Diverse, multi-cultural workforce
- Broad suite of existing health and wealth offerings
- Long and difficult process to add / onboard new vendors

BUILT ROADMAP AND EXECUTED FINANCIAL COACHING SEARCH AND IMPLEMENTATION
FINANCIAL WELLNESS CASE STUDY #3A & 3B

EMPLOYERS OF CHOICE INTERESTED IN HELPING RECENT GRADUATES WITH STUDENT LOANS

CHOSE TO ADOPT A STUDENT LOAN REFINANCING PROGRAM

CHOSE TO ADOPT A STUDENT LOAN REPAYMENT PROGRAM
HR learned of a case where an employee could have greatly benefited from awareness of existing program. Currently no curated Communication of benefits. Some niche programs with Very low utilization. Large organization & serial acquirer. Up to 500% increase in utilization.
A WORLD-CLASS FINANCIAL WELLNESS PROGRAM

TOP FIVE AREAS TO CONSIDER

1. Understanding the strategic benefits
2. Individualized content
3. Focus on real action
4. Thoroughly vetted, integrated and monitored vendors
5. Insightful metrics
FINANCIAL WELLNESS INTEGRATION CHALLENGES

- Budgeting
- IRAs
- Short-term loans
- Credit score
- Student loans
- Financial coaching

Employer & Employee
FINANCIAL WELLNESS INTEGRATION CHALLENGES

Employer & Employee

Mercer Financial Wellness

Coming soon

Coming soon
Goal to buy home in 3 - 5 years

Evaluate available cash flow via budgeting tools

BEGIN SAVING FOR DOWN PAYMENT; INVEST IN MANAGED ACCOUNT

Life event that accelerates savings (i.e., promotion and raise)

SIGN UP FOR CREDIT SCORE MANAGEMENT TO EXPLORE HOW CHOICES AFFECT CREDIT SCORE

EMBARK ON HOME BUYING JOURNEY
SIGNIFICANT BENEFITS TO EMPLOYEES AND EMPLOYERS

**For Employers:**
- Enhanced Employee Value Proposition
- Enhanced Productivity

**For All:**
- Reduced stress and health-care costs
- Vetted and monitored vendors

**For Employees:**
- Integrated, personalized action-oriented experience
- Improved financial wellbeing
QUESTIONS?

BETSY DILL, SENIOR PARTNER
US Financial Wellness Leader

DEREK CUSHMAN, PRINCIPAL
US Financial Wellness Solutions Leader

 QUESTIONS
Please type your questions in the Q&A section of the toolbar and we will do our best to answer as many questions as we have time for.

To submit a question while in full screen mode, use the Q&A button, on the floating panel, on the top of your screen.

CLICK HERE TO ASK A QUESTION TO “ALL PANELISTS”

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