

HEALTH WEALTH CAREER

# THE NEXT FRONTIER IN FINANCIAL WELLNESS

A PRESENTATION BY MERCER

June 23, 2016

**Derek Cushman**  
**Betsy Dill**

MAKE TOMORROW, TODAY  MERCER



# 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 <sup>1</sup>



Payday loan stores outnumber McDonald’s and Starbucks coffee stores combined <sup>2</sup>





Nearly **1 in 4** people making more than \$100,000 per year find it difficult to make their minimum credit card payments every month <sup>3</sup>

<sup>1</sup> JP Morgan Chase, Paychecks, Paydays, and the Online Platform Economy 2016)

<sup>2</sup> Zinman, 2008

<sup>3</sup> PwC, Employee Financial Wellness Survey 2015 results

# MUCH IS BEYOND WHAT EMPLOYERS CAN SEE

		
Age	62	62
Salary	\$50,000	\$50,000
Company Retirement Plan Balance	\$400,000	\$200,000
401K Loan	\$0	\$50,000
Home Mortgage	\$500,000	\$0
Credit Card Balance	\$25,000	\$5,000
IRA Balances	\$20,000	\$400,000

# 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



### COMPREHENSIVE EMPLOYER FINANCIAL WELLNESS PROGRAMS HELP EMPLOYEES WITH:

ASSETS

LIABILITIES

INCOME /  
EXPENSES

INSURANCE /  
PROTECTION

# 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





# HOW DO WE GET EMPLOYEES TO ENGAGE?

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<sup>1</sup>

The goal is getting people to take action (and to take the right actions)

Making decisions from scratch is hard and cognitively expensive

**TAKE ACTION**

**WEIGH ALTERNATIVES  
MAKE DECISION**

**OBTAIN INFORMATION  
FORM OPINIONS  
AROUND OPTIONS**

<sup>1</sup> 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

ADOPTED BUDGETING TOOL FOR PILOT GROUP, EXPLORING NEXT STEPS



Explored budgeting tools, but many too expensive



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

# FINANCIAL WELLNESS CASE STUDY #2



Large technology company,  
interested in a range of financial  
wellness offerings

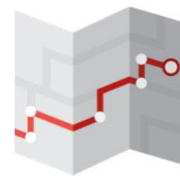


Diverse, multi-cultural workforce

**BUILT ROADMAP AND EXECUTED FINANCIAL  
COACHING SEARCH AND IMPLEMENTATION**

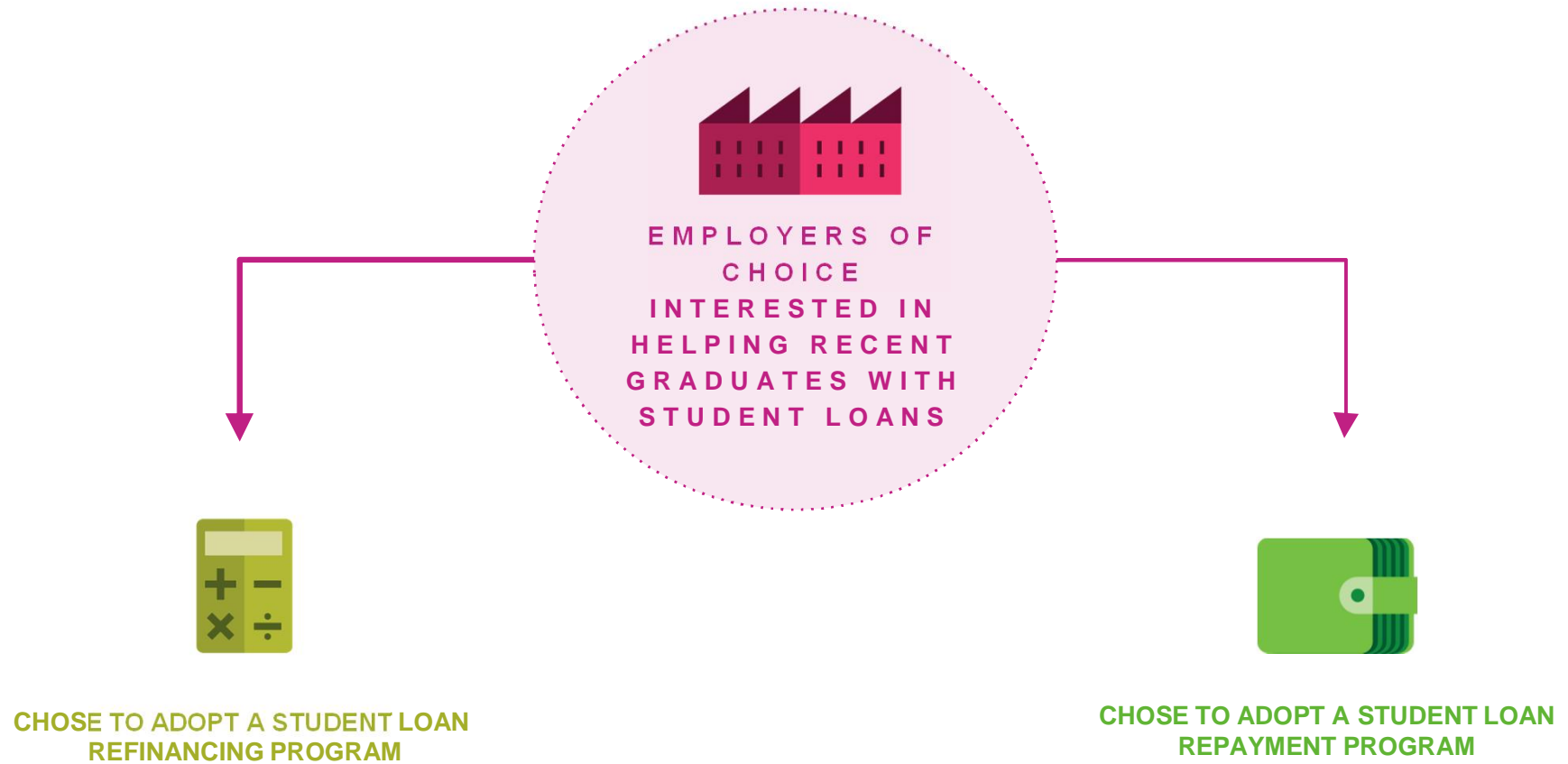


Broad suite of existing  
health and wealth offerings



Long and difficult process to add  
/ onboard new vendors

# FINANCIAL WELLNESS CASE STUDY #3A & 3B



# FINANCIAL WELLNESS CASE STUDY #4



Large organization & serial acquirer



HR learned of a case where an employee could have greatly benefited from awareness of existing program

UP TO 500% INCREASE  
IN UTILIZATION



Currently no curated  
Communication of benefits



Some niche programs with  
Very low utilization

# A WORLD-CLASS FINANCIAL WELLNESS PROGRAM

## TOP FIVE AREAS TO CONSIDER

1. Understanding the strategic benefits

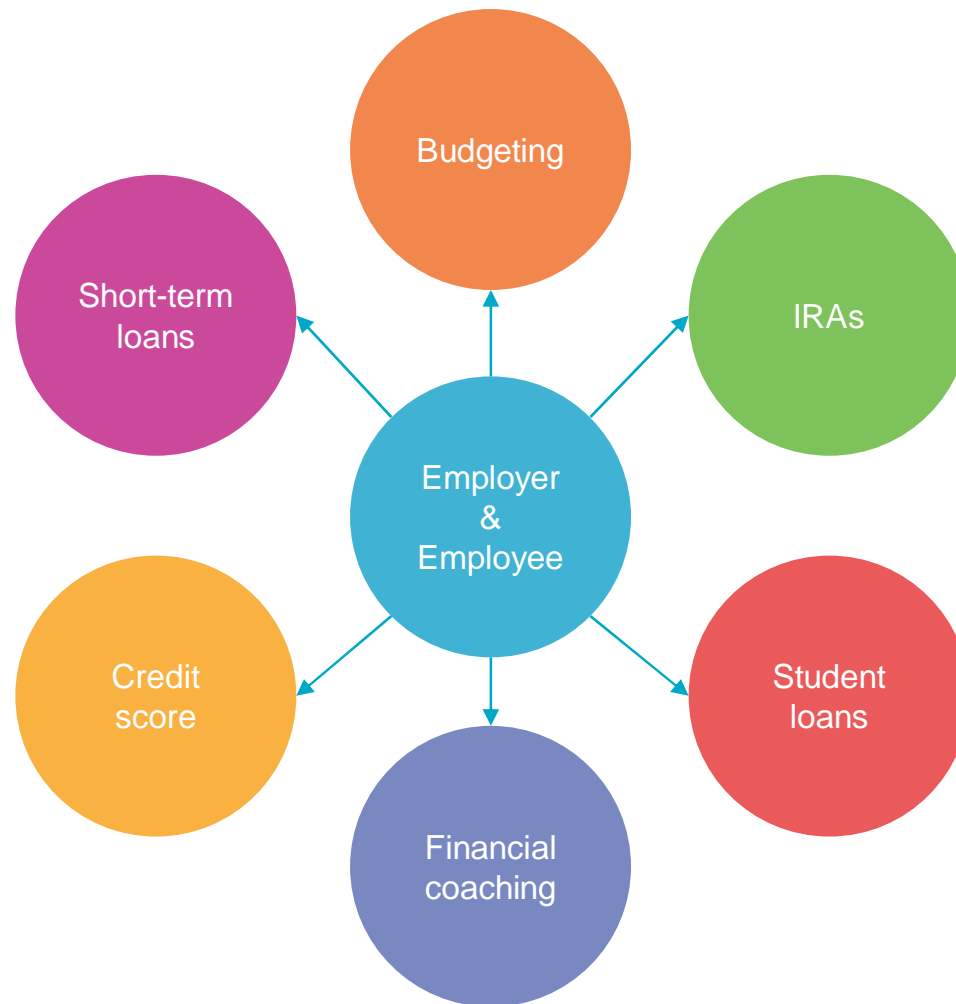
2. Individualized content

3. Focus on real action

4. Thoroughly vetted, integrated and monitored vendors

5. Insightful metrics

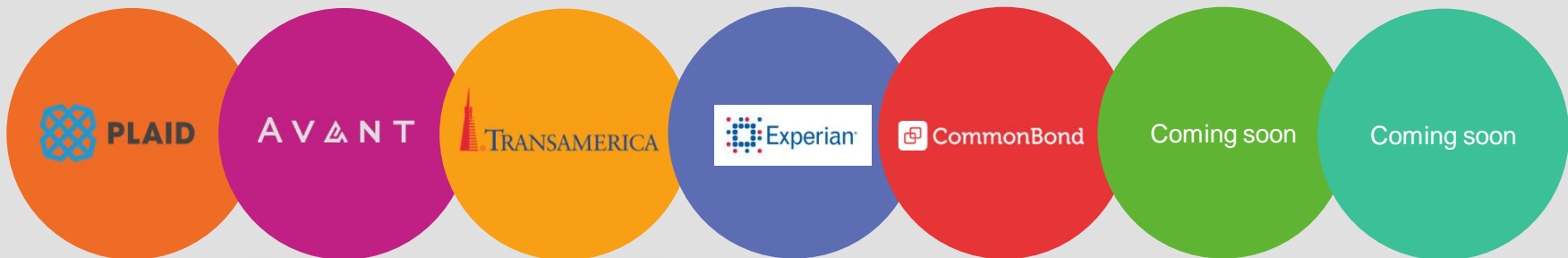
# FINANCIAL WELLNESS INTEGRATION CHALLENGES



# FINANCIAL WELLNESS INTEGRATION CHALLENGES



## Mercer Financial Wellness





# GOAL-BASED EXPERIENCE LINKED TO ACTION

Goal to buy home  
in 3 - 5 years

Evaluate available cash flow  
via budgeting tools

EMBARK ON HOME  
BUYING JOURNEY

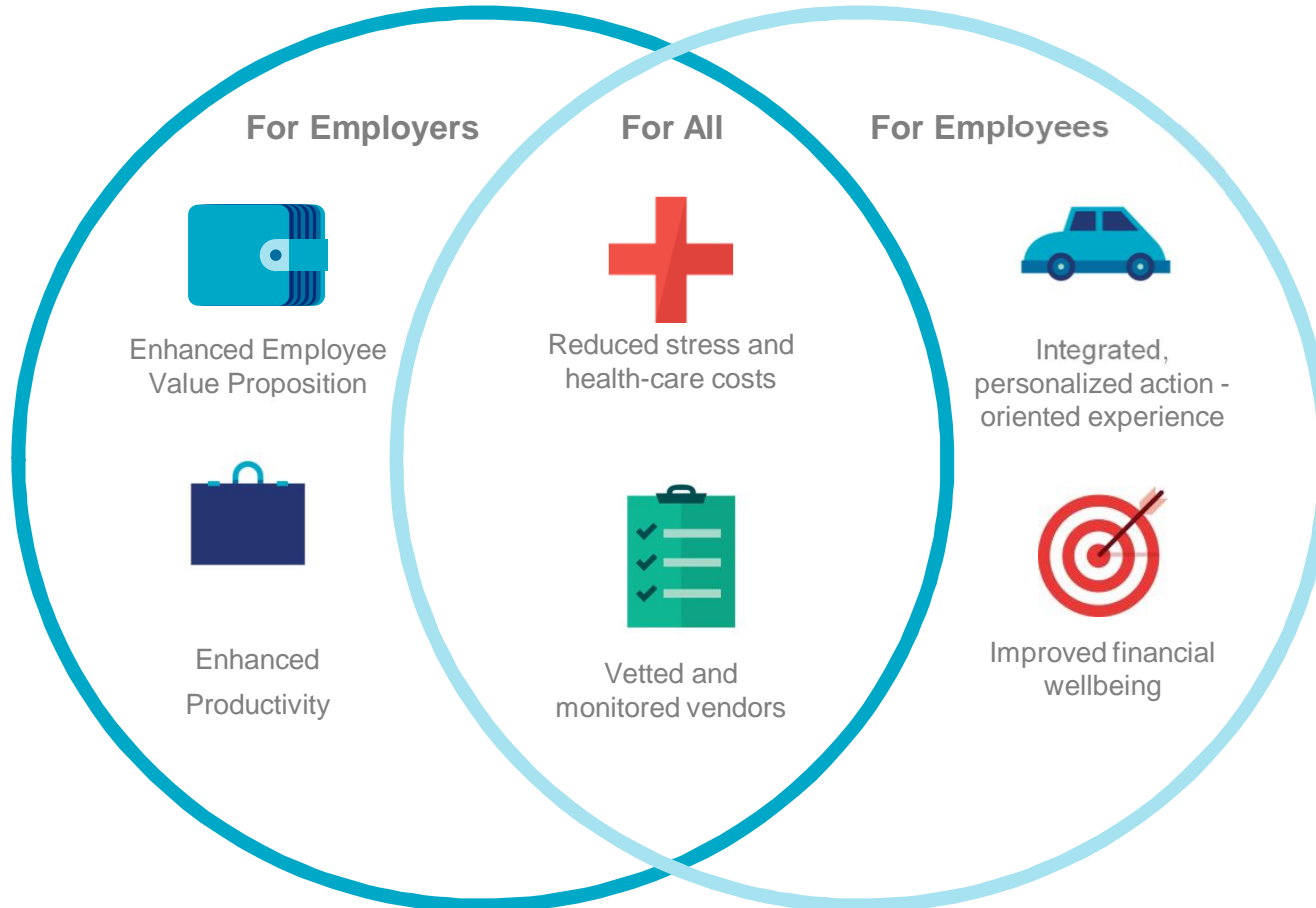
SIGN UP FOR CREDIT SCORE  
MANAGEMENT TO EXPLORE  
HOW CHOICES AFFECT  
CREDIT SCORE

BEGIN SAVING FOR DOWN PAYMENT;  
INVEST IN MANAGED ACCOUNT

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

# THE NEXT FRONTIER MERCER FINANCIAL WELLNESS

SIGNIFICANT BENEFITS TO EMPLOYEES AND EMPLOYERS



# 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"

## FEEDBACK

Please take the time to fill out the feedback form at the end of this webcast so we can continue to improve. The feedback form will pop-up in a new window when the session ends.

## Important Notices

References to Mercer shall be construed to include Mercer LLC and/or its associated companies.

© 2016 Mercer LLC. All rights reserved.

Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages) for any error, omission or inaccuracy in the data supplied by any third party.

No investment decision should be made based on this information without first obtaining appropriate professional legal, tax and accounting advice and considering your circumstances.

Investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

Mercer Investment Management, Inc. and Mercer Investment Consulting LLC are federally registered investment advisers under the Investment Advisers Act of 1940, as amended. Registration as an investment adviser does not imply a certain level of skill or training. Mercer's Form ADV Part 2A & 2B can be obtained by written request directed to: Compliance Department, Mercer Investments, 701 Market Street, Suite 1100, St. Louis, MO 63101.

MMC Securities LLC is a registered broker dealer and an SEC registered investment adviser. Securities offered through MMC Securities; member FINRA/SIPC, main office: 1166 Avenue of the Americas, New York, New York 10036. Variable insurance products distributed through Marsh Insurance & Investments LLC; Marsh Insurance & Investments LLC in California, and Marsh Insurance Agency & Investments in New York. Mercer, Mercer Investment Consulting, LLC, Mercer Investment Management, Inc., Guy Carpenter, Oliver Wyman, Marsh and Marsh & McLennan Companies are affiliates of MMC Securities.



**MERCER**

**MAKE TOMORROW, TODAY**