WORKPLACE FINANCIAL WELLNESS PROGRAMS:

FREQUENTLY ASKED QUESTIONS

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FAQ

What percentage of employees are financially well?

Only about 5% of employees meet all criteria of financial wellness, based on the results of our patent pending financial wellness assessment designed to measure employees' individual and collective financial wellness. An additional 15-20% meet most criteria and have set up a strong foundation with a concrete plan in place to achieve future financial goals.

What is the difference between financial wellness and financial security?

Financial security means having enough assets to comfortably live the rest of your life without having to work. Financial wellness is the only path to **sustainable** financial security.

For most of us who do not inherit, win or earn large sums of money, practicing the key principles of financial wellness is the only way to ultimately become financially secure.

For a small percentage of the population who come into "sudden money"—such as lottery winners, top performing athletes or those who end up with a large inheritance—financial security comes much more quickly.

Unfortunately, without financial wellness, those lucky individuals do not sustain financial security. Due to poor spending and investing habits, they often ultimately lose their financial security—sometimes to the point of having to start over and declare bankruptcy.

Financial wellness is the only way to sustain financial security, so it is something that all of us must practice, whether we are in the process of becoming financially secure or have already achieved this milestone.

Where are employees falling short with respect to financial wellness?

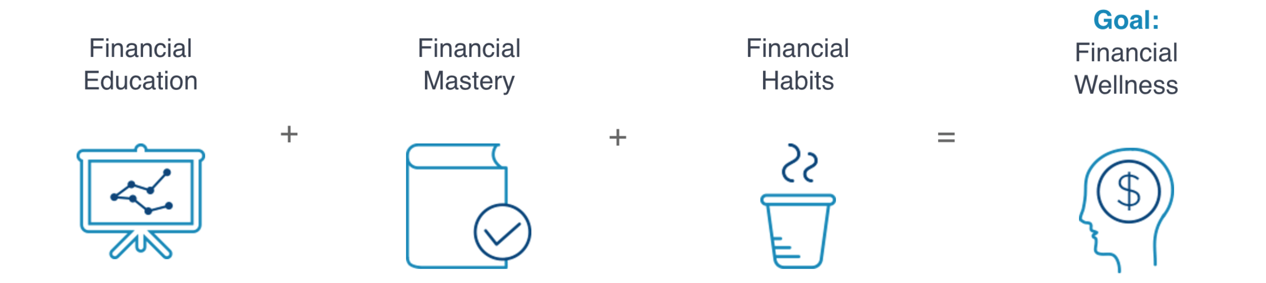
Of employees that completed a Financial Wellness Assessment in 2016:

81%	indicated some level of financial stress, with 21% indicating high or overwhelming stress
50%	do NOT have an emergency fund
27%	do NOT have a handle on cash flow
43%	are NOT comfortable with their debt
21%	do NOT have a plan to pay off debt
27%	feel OVERWHELMED by their debt
73%	are NOT on track for retirement
54%	lack confidence in their current investment strategy
71%	lack basic estate planning documents
74%	are NOT on track to meet college savings goals

What is the difference between financial education, financial advice and financial wellness?

Financial education is just that…education. Financial education provides employees with foundational knowledge about different financial concepts, and can help them make more informed financial decisions as a result.

Financial advice entails providing employees with very specific recommendations around how an employee should invest or protect their assets—and often incorporates the management of employees' assets or the sale of products, services and securities in line with these recommendations. The reality is that anyone who has investible assets outside of their retirement plan will ultimately need to make decisions around how to best manage these assets, and provided they choose a qualified financial advisor who operates in their best interest, they are likely to build significantly more wealth than trying to invest their money on their own.



Financial Education	Financial Mastery	Financial Habits	Goal: Financial Wellness
Employees receive unlimited access to unbiased information and guidance to ensure they regularly make smart financial decisions.	To plan for the future, employees get ongoing support and coaching to help them apply key financial concepts to their everyday lives.	Employees begin by making small changes, triggering the reward center of the brain, which over time leads to larger steps and the formation of habits.	Our process ensures employees dramatically reduce their financial stress, thus improving their overall state of well-being.

Financial wellness is an ongoing process that combines financial education with personalized financial coaching to provide employees with the guidance and accountability they need to develop strong financial habits and behaviors and make informed financial decisions. Financial wellness focuses on helping individuals resolve financial problems and ultimately get to a place where they have significant assets to invest, while financial advice focuses on helping individuals who have significant investible assets to manage those assets wisely.

How do Fintech tools fit into a financial wellness benefit?

Financial wellness or "Fintech" tools are generally used as part of a more comprehensive program. The tool based approach works best if you have a discreet need, just want to check wellness off the list, or if you have a population that needs a specific issue addressed. Tools can also be a more cost sensitive approach. Tools won't necessarily produce behavior change, but they can make a difference.

To genuinely drive behavior change, a holistic approach is needed. Consequently, many employers are folding these tools into fully integrated financial wellness programs. These programs will utilize a "concierge" service approach where employees are directed to the appropriate tools and benefits based on their needs, while working with a financial coach that can help to continually improve their finances over time.

ARTICLE ON HOW TO IMPLEMENT FINANCIAL WELLNESS

Do all companies need financial wellness?

No. Some companies have a financially well workforce because virtually all employees are highly compensated, with a very rich benefits offering and are effectively managing their compensation and benefits. These companies tend to be small, professional services firms with a workforce that is highly educated around financial planning and a very strong culture that motivates employees to take full advantage of their comp and benefits.

What kind of companies need financial wellness and should roll it out as a key employee benefit?

1. Companies where recruiting and retention are paramount to their success, and who are actively developing a reputation for being one of the nation's best places to work. At these companies, culture is an extremely important recruiting tool—as compensation and benefits are highly competitive already. For these firms, financial wellness is a way to demonstrate their commitment to their employees' financial security and overall wellbeing. Most choose to do so by offering financial wellness as a financial mentorship program, designed to provide employees with the ongoing guidance and coaching they need to ultimately create the lives they've always wanted for themselves and their families.

2. Companies that are heavily impacted by employees' financial stress.

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STRESS REPORT

Below are key signs you have a high level of financial stress in your workforce:

High turnover for financial reasons

High level of stress related healthcare costs and unplanned absences

Problems with morale, productivity, and performance

Delayed retirement where employees are working well beyond their desired retirement age, strictly for financial reasons and often despite health problems

Low levels of satisfaction around compensation and employer's overall commitment to employee's wellbeing

Poor participation in benefits, and a general lack of understanding/ appreciation for the benefits the company is providing

How can an employer ensure their financial wellness provider is delivering best-in-class financial wellness versus selling financial products/services or offering programs that will be poorly utilized by employees and/or have little impact on employees' financial health?

Because of abuse in the industry, where firms that do not operate in employees' best interest are positioning themselves as financial wellness providers, we provided a guide for employers to use when selecting a financial wellness provider, and designing a financial wellness program. The guide specifically outlines all criteria that employers should use to ensure they are working with a true financial wellness provider, that is:

1. Unbiased and free of conflicts of interest—delivered by a financial education company, not a financial services firm.
2. Designed in a way that provides the ongoing personalized guidance and accountability that employees need to change their financial habits and behaviors and make informed financial decisions.

At a minimum, any financial wellness provider you work with should meet all the criteria listed on the workplace financial wellness checklist (see link below).

VIEW CRITERIA

What are the biggest financial wellness needs across generations?

Millennials need help in these key areas:

- Understanding the basics of their benefits, and how they can best manage both their compensation and benefits to achieve their short- and long-term goals
- Creating a plan around how to best handle their student loan debt
- Reframing the concept of retirement to "living life on your own terms" so that they see building savings as a way to have more flexibility and freedom in both the short and long term
- Breaking their goals into tangible actions that can be rewarded or tracked so they become invested in making progress financially

Generation Xers need help with:

- Reversing the decline in money management
- Making sure they have adequate insurance and estate planning protection
- Translating their growing retirement and investing awareness into more saving and better investing

Boomers need help in four particular areas:

- Making sure their retirement is on track before helping loved ones
- Budgeting to reduce debt and saving more to close the retirement gap
- Better managing their investments as they get closer to retirement
- Planning for long-term care costs

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How are these programs best designed and delivered so that Millennials actually use them?

Despite most people believing Millennials are best engaged via mobile technology, research proves that when dealing with personal matters like finances, Millennials actually seek mentorship. Consequently, a multi-channel, personalized, hands-on approach that provides access to a financial mentor in addition to web-based tools, marketed in a clear and unintimidating fashion is going to have the biggest impact on your Millennial population.

Which types of companies need financial wellness the most and what should they be doing now to avoid employee financial problems from seriously impacting their success as organizations?

Companies experiencing signs of financial stress, high turnover, lack in productivity, or delayed retirement are ideal environments for a financial wellness program. Historically, any environment where employees are not highly compensated or are so consumed by caring for others (e.g. hospitals, healthcare environments, call centers, retail) that they neglect their own wellbeing are high-risk populations.

Therefore, these companies should consider implementing a financial wellness program that can help alleviate their specific pain points before financial stress consumes their culture and bottom line.

What are the biggest trends you are seeing now with companies expanding their financial wellness initiatives?

Financial wellness is becoming a level employee benefit.

Financial Wellness is increasingly coming to be viewed as an additional employee benefit, fully paid for by the employer, available to all employees from all walks of life. Employers are increasingly investing the time, resources, and dollars needed to establish financial wellness as a holistic benefit and abandoning strategies that rely exclusively on one-time programs or technology tools that address specific employee needs.

Companies are integrating financial wellness into physical wellness programs.

Employer wellness programs have become much more holistic, recognizing that both physical and financial wellness have a significant impact on an employee's overall health and wellbeing. Integrated programs are major drivers for employee morale, productivity, and performance.

Employers are becoming partners in their employees' financial security.

We are seeing a rapidly growing trend towards employers proactively integrating financial wellness into their recruiting and retention strategies to demonstrate their commitment to employees' financial security.

Programs are becoming much more personalized, with unlimited access for employees.

Employers are moving away from "event driven" programs that focus primarily on workshops, webcasts and one-time employee meetings and towards ongoing programs that allow on-demand access to personalized financial guidance and mentorship anytime an employee needs it.

Programs are being used as fiduciary protection for employers who offer retirement plans to employees.

With the rash of ERISA lawsuits regarding fees associated with funds in retirement plans, employers are becoming much more proactive about communicating different investment options within their plan, why these options were selected, and fees associated with the options. They are increasingly using financial wellness providers to do this in a personalized, holistic way so that employees have the education and guidance to make informed investment decisions based on their individual circumstances.

How will the financial wellness industry grow and evolve over the next decade?

According to a 2016 study by AON Hewitt, 89% of employers plan to increase their focus on employees' financial wellbeing.

Financial wellness is becoming the umbrella that financial advice, Fintech tools, employee benefits, and all financial products and services should be funneled through in an effort to protect and empower employees.

In the next ten years, it will become interview protocol for a potential hire to inquire about the financial wellness benefit a company offers as naturally as 401(k) and healthcare options.

Companies who end up winning the war for great talent will not necessarily be those who offer the richest benefits, but those who offer employees the best possible guidance around how to manage their benefits to achieve their financial goals. It's no longer possible for employers to provide employees with lifelong financial security, but now they can do something that is potentially more significant: empower employees to maximize the benefits they do offer and in doing so, become a partner in their financial security.

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