FINANCIAL FINESSE
Think Tank Research

2017 Generational Report

JULY 2017

Abstract

As employees progress through different stages of their careers, they face different financial wellness challenges and opportunities. This report examines the financial wellness of employees in four career phases—early career (under age 30), mid career (ages 30 – 44), late career (ages 45 – 54), and pre-retirement (55 and older)—and defines financial milestones on the path to optimal financial wellness at each career stage. By addressing the unique circumstances employees face at different stages, employers can help them meet these financial milestones.

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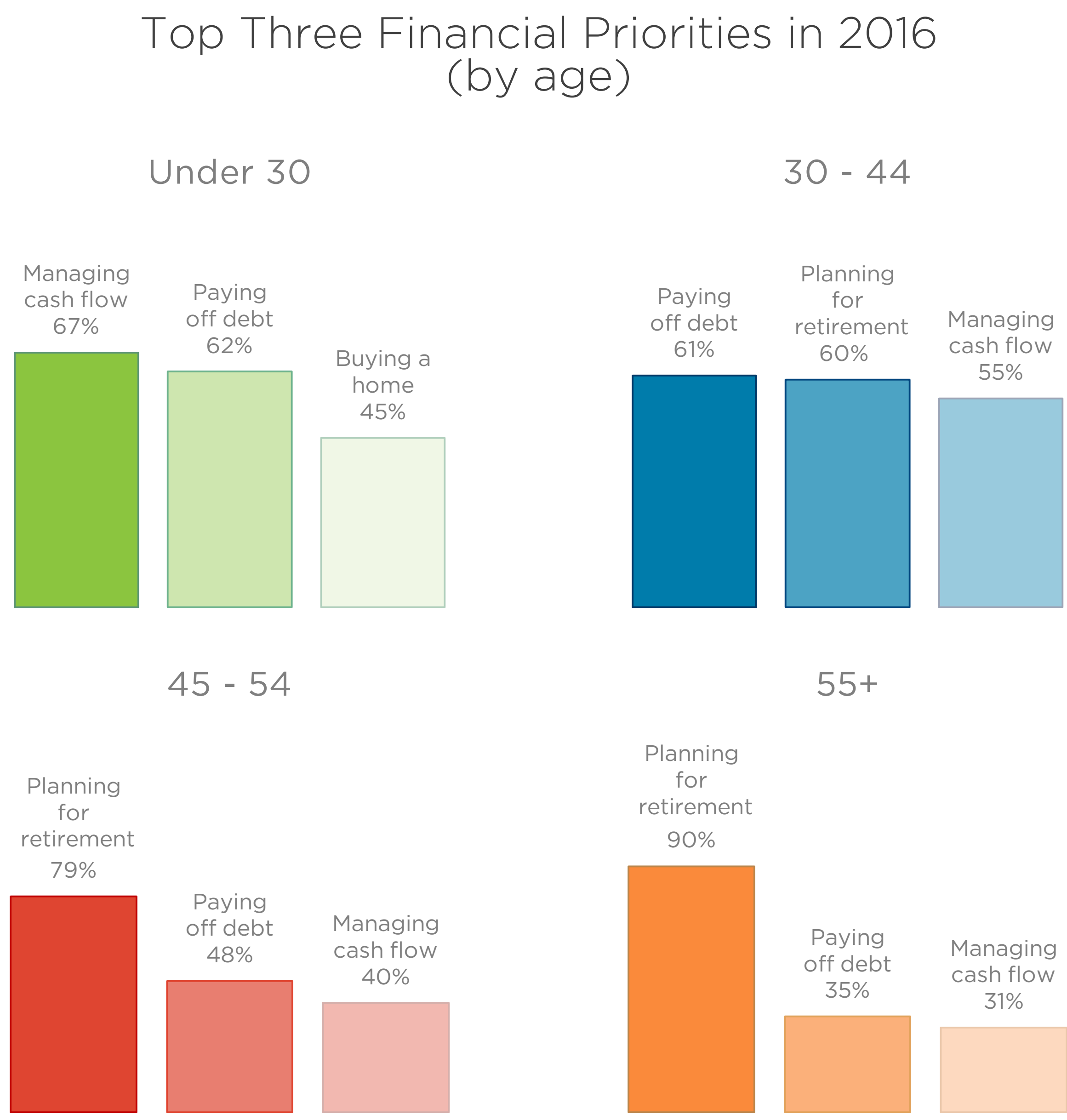
Executive Summary

The youngest generation of American workers are at an inflection point, which will have broad implications for employers and for the economy. In 2016, 45% of employees under 30 said that buying a home was a top-three financial priority, up 11 percentage points since 2015. That is good news for the housing market, but will early-career employees be able to align their financial behavior with their stated goal of owning a home? If so, this could bode well for their long-term financial wellness, as employees that own a home tend to exhibit better financial behavior than those that do not own a home.



Executive Summary (continued)

There are several important milestones employees may want to reach at various stages throughout their career. These milestones represent a path to optimal financial wellness. Employers that enable employees to achieve these milestones will benefit from having a financially healthier workforce. Since not everyone achieves financial milestones according to this ideal schedule, employees should begin with focusing on those milestones needed to build a strong financial foundation, even if that means starting at the beginning.

CAREER STAGE MILESTONES

EARLY CAREER (< 30)

+ Adequate emergency savings
+ Getting the full 401(k) match
+ No high-interest debt
+ Using tax-free accounts
+ Able to buy a home (if desired)

MID-CAREER (30-44)

+ Adequate insurance and estate planning
+ Using flexible spending accounts
+ Spending under control
+ Auto-escalation of retirement savings
+ Funding education accounts (if needed)

LATE CAREER (45 – 54)

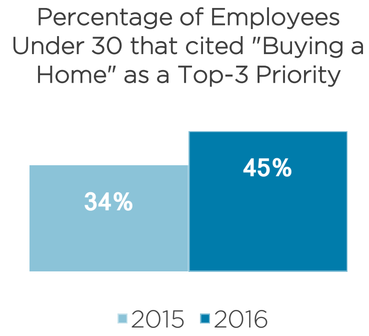
- On track for retirement
- An understanding of financial aid
- Considered downsizing
- Maximizing retirement accounts
- Tax-efficient investment strategy

PRE-RETIREE (55+)

+ Investment income strategy
+ Free of debt by retirement
+ Retirement income plan
+ Ready to retire
+ Adequate asset protection

Homebuying Emerges as a Priority for Employees Under 30

In 2016, 45% of employees under 30 that completed a financial wellness assessment cited buying a home as a financial priority, making it the number three priority after managing cash flow and getting out of debt. This is the first time buying a home has made it into the top three, rising 11 percentage points since 2015. Due to the financial benefits of homeownership, this is good news. The question is whether Millennials can match their desire to be homeowners with the means to do so. After all, a recent NerdWallet study found that while a majority of Millennials prefer home ownership, they're being held back by "real and perceived difficulties in affording it."[1]



An analysis of the profile of existing homeowners reveals a strong correlation between owning a home and positive financial behaviors that improve overall financial wellness. For example, homeowners under the age of 30 are more likely to have a handle on their cash flow, have an emergency fund, pay their bills on time, be comfortable with their non-mortgage debt, and even know they're on track for retirement compared to non-homeowners (Table 1). These behaviors hold true regardless of income (Figure 1).

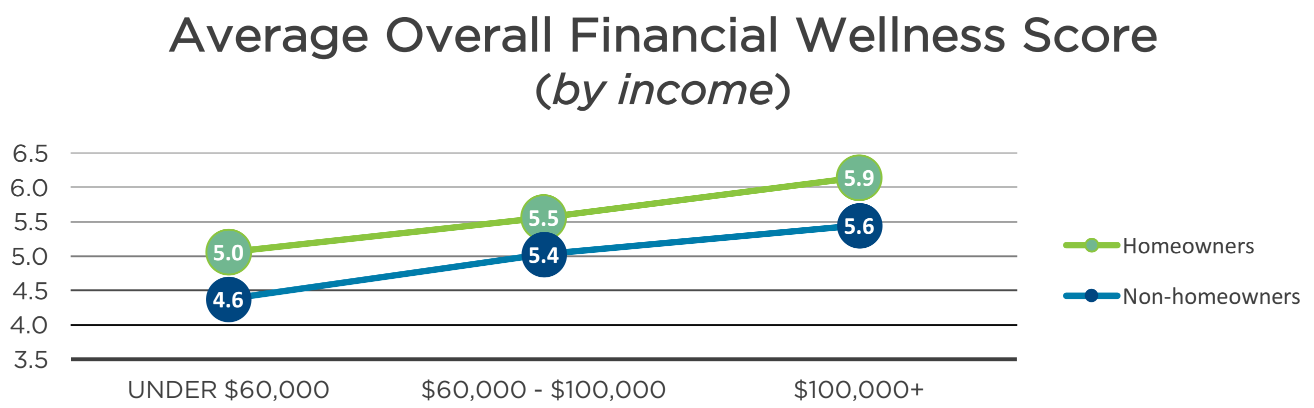
It's unlikely that Millennials under 30 had enough time to build considerable home equity so it's doubtful that owning a home is contributing to these behaviors. If anything, the additional costs involved with homeownership should put downward pressure on cash flow. Instead, these positive behaviors are probably what led them to be able to purchase a home in the first place.

Table 1: Under age 30 homeowners report stronger financial behaviors than non-homeowners

	Homeowners	Non-Homeowners
I have a handle on cash flow	82%	71%
I have an emergency fund	53%	41%
I pay my bills on time	94%	87%
I am comfortable with my debt	59%	51%
I am on track for retirement	31%	19%

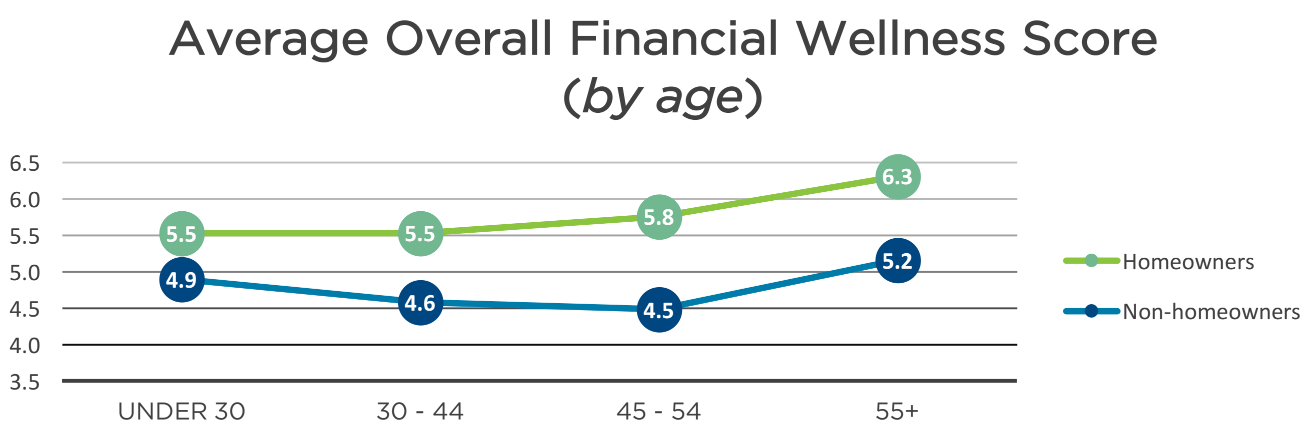
[1] Rosen, Kamran. 2017. "Millennials and Home Buying: Myths and Reality." *Nerdwallet.* https://www.nerdwallet.com/blog/mortgages/millennials-and-homebuying/

Figure 1: Financial wellness scores were higher among homeowners under age 30 across various income levels



The financial wellness advantage of these Millennial homeowners is likely to continue as they build equity in their homes. Differences in the overall financial wellness scores[2] of homeowners and non-homeowners, as measured on a scale of 0 to 10, increased with age (Figure 2). One possible reason is that home equity can be a low-interest and tax-deductible source of credit that reduces the need for high-interest credit card debt and retirement plan loans and hardship withdrawals. Only 26% of homeowners age 55+ (most likely to have home equity) took a retirement plan loan or hardship withdrawal versus 44% of those ages 55+ without a home. This advantage continues into retirement as a recent EBRI study found that home equity is also one of the most important resources for retirees who can use that equity to supplement other retirement income sources by downsizing, renting it out, or taking a reverse mortgage.[3]

Figure 2: Differences in financial wellness scores between homeowners and non-homeowners increased with age



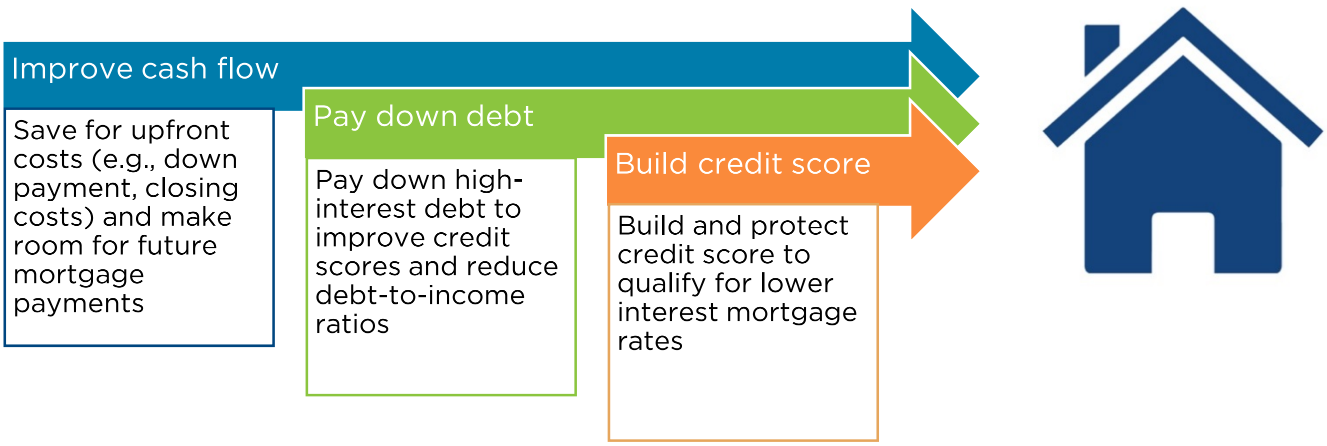
The sooner Millennials become homeowners, the sooner they can start building that equity from appreciating property values and decreasing mortgage balances. But while the uptick in interest to buy a home among younger workers is good news, the path to homeownership may face a

[2] see *About the Financial Wellness Score*
[3] Copeland, Craig. 2017. "Importance of Individual Account Retirement Plans and Home Equity in Family Total Wealth." *Employee Benefit Retirement Institute Notes.* May 16. https://www.ebri.org/pdf/notespdf/EBRI_Notes_v38no7_TtlWlth.16May17.pdf

steep challenge. According to UBS, Millennials hold an estimated $1.1 trillion of the country's $3.6 trillion in consumer debt.[4] A UBS evidence lab survey found that a majority (52%) of people worried about defaulting on a loan in the next 12 months fell within the ages of 21 to 34, as reported in Business Insider.[5] In addition, a growing amount of auto loan debt is coming from leasing, with 32% of Millennials opting to lease in 2016, up from 21% in 2011, according to a January report from Edmunds.[6]

Despite the increase in interest in buying a home, the likelihood of early-career employees owning a home anytime soon is diminished unless they can improve in the areas of cash flow and debt management. Delayed homeownership could also affect retirement preparedness if the lack of home equity causes employees to tap retirement assets in a financial emergency, or otherwise results in less home equity available as an income source in retirement. That said, if the desire to own a home is enough motivation for employees to make improvements in money management, we may start to see a general improvement in overall financial wellness as well.

There are three main steps Millennials can take to improve their chances of buying a home:



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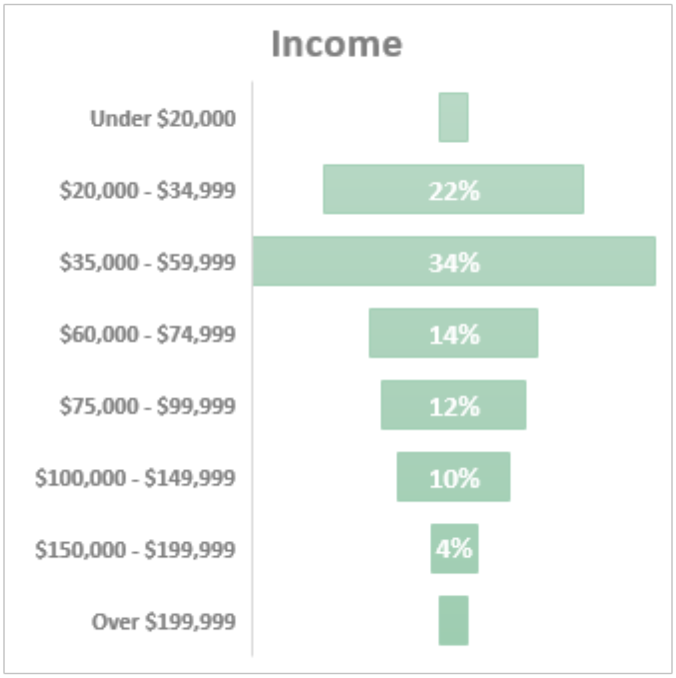
[4] Leong, Richard. 2017. "Millennials at Risk for Loan Defaults in Next 12 Months." *Reuters*, April 26. Accessed July 17, 2017. http://www.reuters.com/article/us-usa-millennials-defaults-idUSKBN17S2JZ

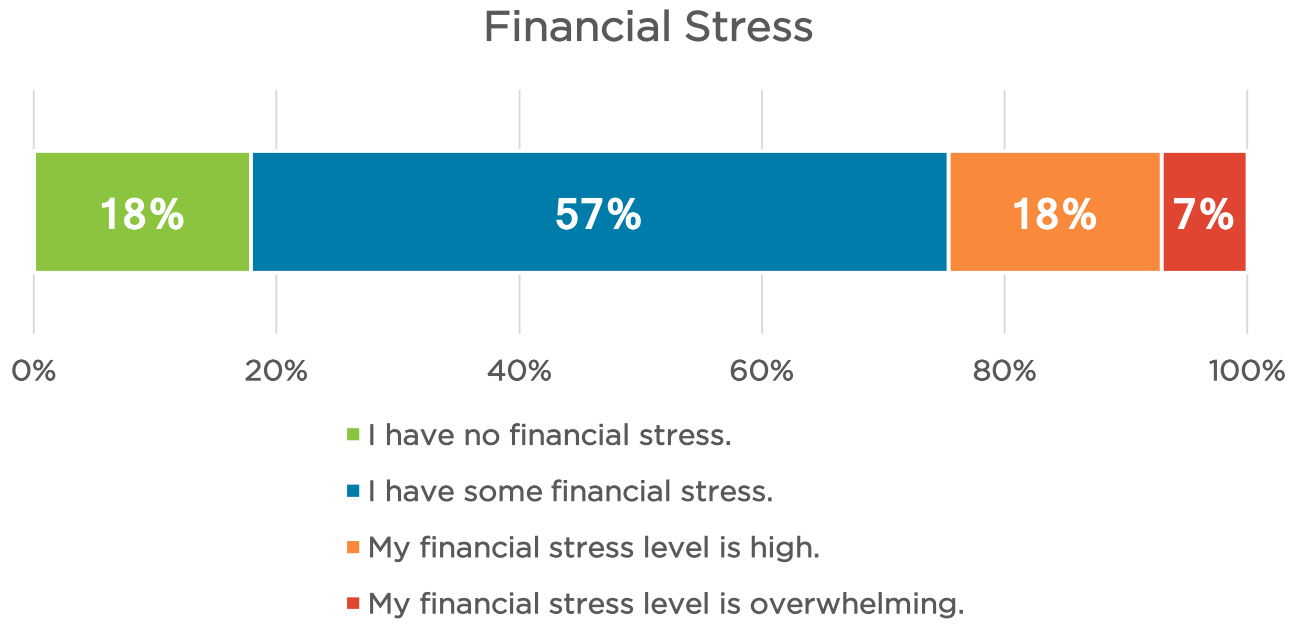
[5] Hernandez, Raul. 2017. "Millennials Owe A Record Amount of Debt, And It Could Become A Huge Drag on the Economy." *Business Insider*. Accessed on July 14, 2017. http://www.businessinsider.com/record-millennial-debt-a-drag-on-the-economy-2017-4

[6] Edmunds. 2017. *Lease Market Report*. Accessed July 17, 2017. http://automotivedigest.com/wp-content/uploads/2017/01/LeaseReport_Edmunds.pdf

Financial Wellness by Career Stage[7]

EARLY CAREER (UNDER 30)





[7] Financial Wellness is measured on a scale of 0 to 10; see *About the Financial Wellness Score*

Early-career employees appear financially stronger in cash flow and debt management than their mid-career counterparts (Table 2). This financial edge may be due to the additional expense of having minor children. Both groups recorded lower cash flow and debt management scores when minor children were present, and mid-career employees were more likely to have minor children than early-career employees (67% vs. 29%). In fact, early-career employees with children recorded lower cash flow and debt management scores than mid-career employees with children (Table 3).

Table 2: Early-career employees have an edge in money management over their mid-career counterparts

	Early-Career Employees	Mid-Career Employees
Age:	**Under 30**	**30 - 44**
I have a handle on cash flow	73%	68%
I have an emergency fund	44%	43%
I pay my bills on time	89%	85%
I am comfortable with my debt	53%	50%
I pay my credit card balance in full	56%	48%

However, when comparing mid-career and early-career employees without children, the latter still fared better, so there are other factors at play. These may include an increased desire for a higher standard of living after age 30, the accumulation of credit card debt over time, and/or a changing attitude about money. Millennials' attitudes about money may have been shaped while watching parents struggle through the financial crisis during the early part of the century, much like those who grew up during the Great Depression.

Table 3: The influence of minor children on cash flow and debt management

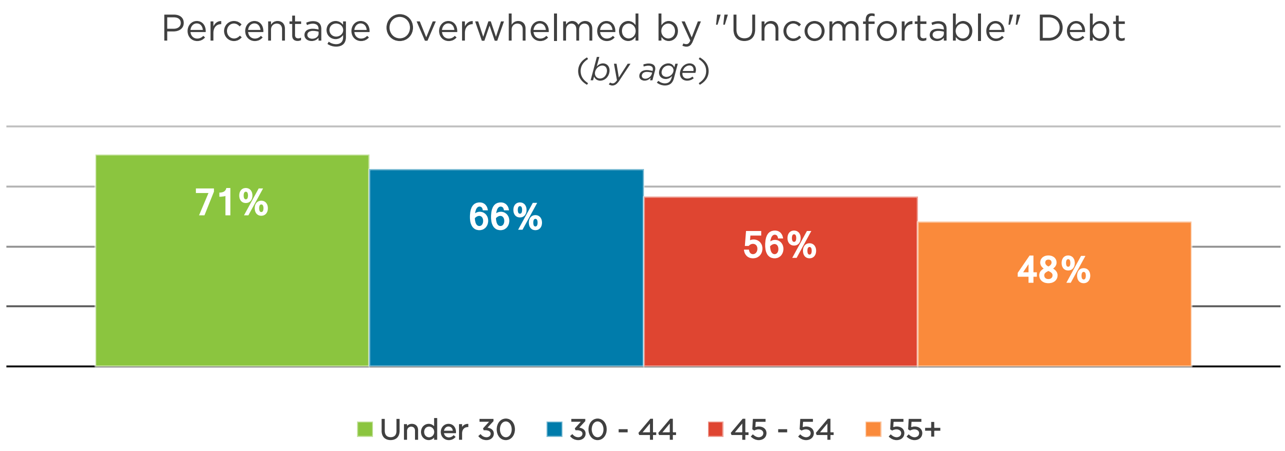
	With Children		Without Children	
Age:	**Under 30**	**30 – 44**	**Under 30**	**30 – 44**
I have a handle on cash flow	61%	65%	78%	73%
I have an emergency fund	27%	40%	51%	50%
I pay my bills on time	78%	83%	93%	89%
I am comfortable with my debt	36%	48%	60%	54%
I pay my credit card balance in full	37%	46%	63%	53%

While early-career employees are slightly less likely to be uncomfortable with debt than mid-career employees, those who are uncomfortable with debt are more likely to feel overwhelmed by it. A financial wellness program can help employees to both put their debt burdens into perspective and to reduce their debt balances. Otherwise, these employees may suffer from even more financial stress as they progress into their mid-career stage.

Figure 3). There are several possible explanations for this. First, there may be a subset of "at risk" early-career employees who have higher levels of debt, perhaps from larger student loan balances. Second, since early-career employees tend to have lower incomes than those with more experience, even similar debt levels may feel more overwhelming to them in terms of their income. Finally, having grown up with parents struggling with mortgage debt after the housing bubble popped, some of them may be more psychologically sensitive to debt.

In any case, debt issues are important for employers with early-career employees who are struggling with the consequences of financial stress in the workplace. A financial wellness program can help employees to both put their debt burdens into perspective and to reduce their debt balances. Otherwise, these employees may suffer from even more financial stress as they progress into their mid-career stage.

Figure 3: Percentage of employees who reported being overwhelmed by uncomfortable levels of debt



Early-career employees are at a crossroads as they enter the mid-career stage. If they can maintain their stronger cash flow and debt management behaviors, they can avoid much of the fate of those in the older age group who are struggling the most in those areas. In particular, early-career employees who are single can use this time as an opportunity to build a strong financial foundation before getting married and having children. Home ownership can be a useful motivator in improving their financial wellness as well. Otherwise, they may see their cash flow and debt management scores drop with the pressures of children, debt, and lifestyle inflation.

Milestones to Achieve:

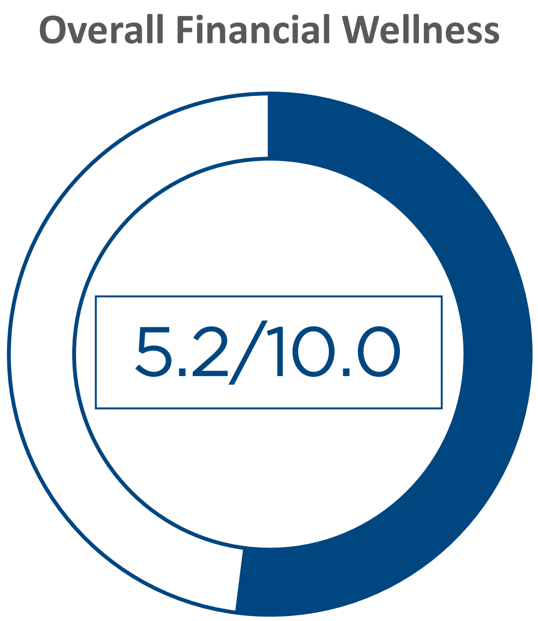
- **Enough emergency savings to cover at least 3-6 months of necessary expenses.** This is important for early-career employees as they are the most likely to be in between jobs.
- **Contributing enough to their employer's retirement plan to get the full employer match.** This will give them a head start on retirement planning and ensure they don't leave free money on the table.
- **No high-interest debt.** Early-career employees should focus on paying down high-interest-rate debt like credit cards rather than student loans. Although the balances tend to be smaller, the real cost is the interest rate and the impact on credit scores.
- **Taking advantage of tax-free accounts.** Young employees have the most time to benefit from tax-free compounding in Roth IRAs and health savings accounts (HSAs).
- **Able to purchase a home (if desired).** This means having enough savings for a down payment (ideally 20%) and closing costs, a decent credit score (ideally 740 or above) to qualify for a mortgage, and space in the budget for a mortgage payment.

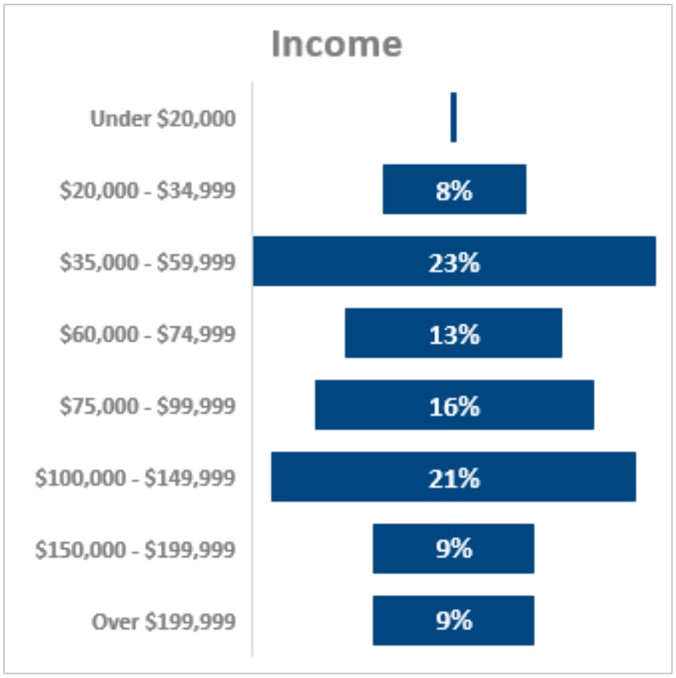
How Employers Can Help:

A workplace financial wellness program can benefit early-career employees in a couple of ways. The first is educating them on how to manage their student and auto loans and prioritize those debts within their larger financial pictures. In most cases, they would be better off putting extra savings towards higher interest debt like credit cards and saving for emergencies, down payments on a home, and retirement.

A second is to encourage early-career employees to save as much as they can for retirement before the financial burdens of parenthood make it more difficult. One challenge is that early-career employees tend to prioritize retirement lower than employees in the other career stages. However, home ownership can be used as a more immediate goal that can help them build positive financial habits and establish a foundation for more long-term goals.

MID CAREER (30 – 44)

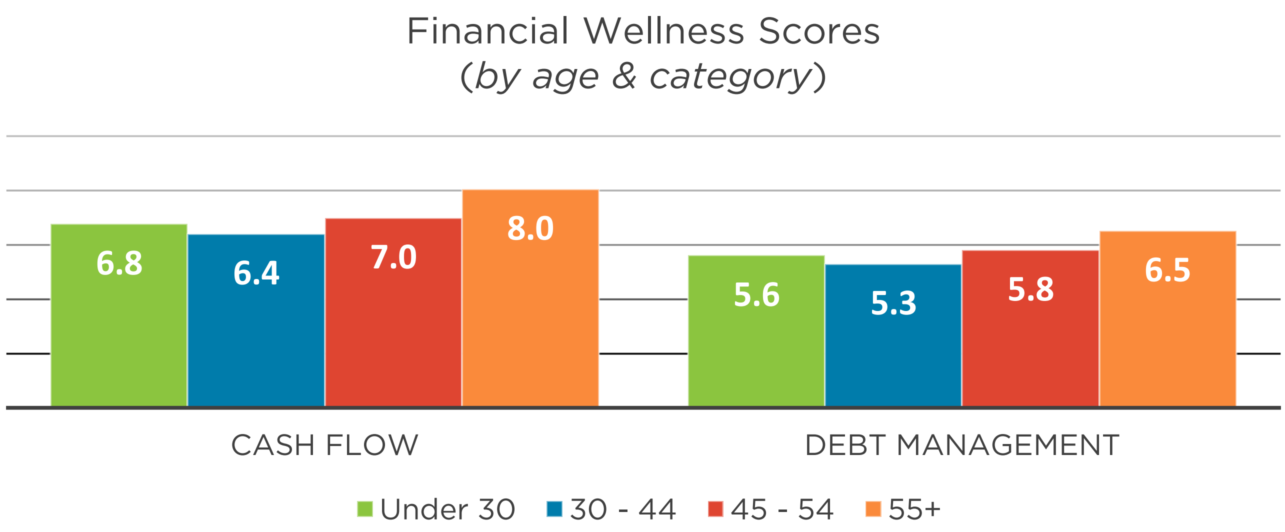




One in four (25%) mid-career employees reported high or overwhelming levels of financial stress. They struggle the most with money management issues like handling cash flow, having an emergency fund, paying bills on time, and having an uncomfortable amount of debt—all of which contribute to lower financial wellness scores[8] (Figure 4). They are also behind on retirement and college planning, and may not hit those goals if their current money management issues continue.

There may be a couple of explanations for their money management woes. One is that mid-career employees may have been particularly affected by the Great Recession. They were much more likely than early-career employees to own homes before the 2008 financial crisis, but they didn't have as much time to build up equity as the pre-retirees and late-career employees. This left many of them in debt or at least with a reduced net worth.

Figure 4: Mid-career employees struggle most with cash flow and debt management



The other explanation is that they're simply going through a much more financially challenging time of life. Mid-career employees are the most likely to have minor children, and those with minor children reported higher financial stress than those without minor children (Table 4). Parents of minor children are also more likely to have run a retirement calculator and realize they are not on track to reach their retirement goals (24% vs. 19%).

[8] As measured on a scale of 0 to 10; see *About the Financial Wellness Score*

Table 4: Levels of financial stress among mid-career employees with and without children

Level of Financial Stress	With Children	Without Children
I have no financial stress	14%	19%
I have some financial stress	58%	61%
My financial stress level is high	19%	15%
My financial stress level is overwhelming	8%	5%

Having children can improve some behaviors though. Mid-career employees with minor children have higher wellness scores in estate planning and are more likely to take advantage of tax breaks by keeping track of deductible expenses and/or using a flexible spending account (FSA) for qualified expenses (Table 5).

Table 5: Mid-career employees with children show improved behavior in certain aspects of estate and tax planning

	With Children	Without Children
I have made sure that my beneficiary designations are up to date	88%	84%
I have written up legal documents such as a will or trust	23%	14%
I keep track of all my tax-deductible expenses	58%	51%
I use my employer's flex benefits plan	26%	18%

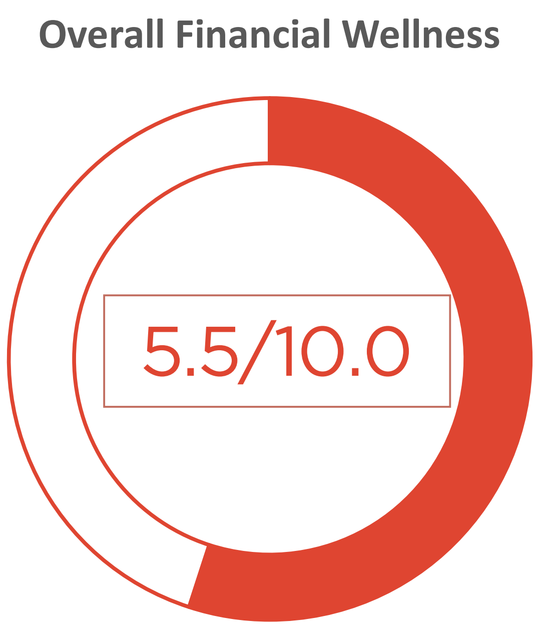
Milestones to Achieve:

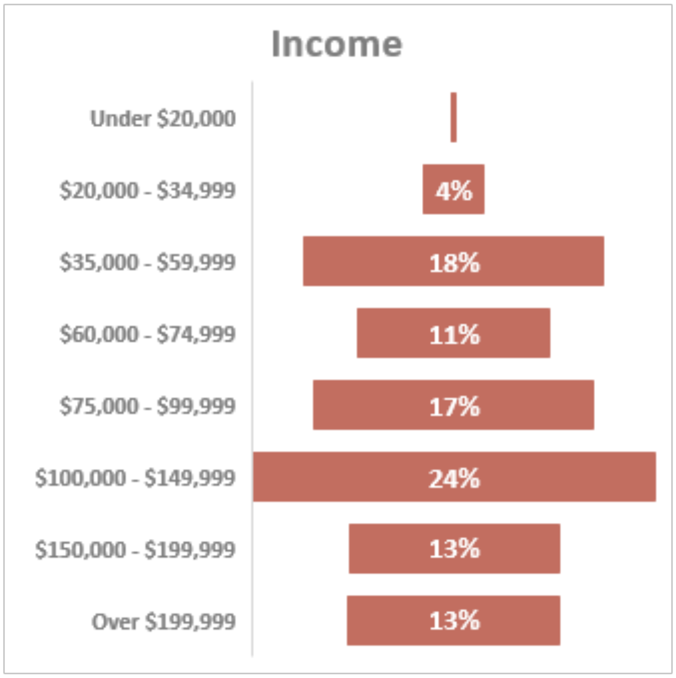
- **Adequate insurance and estate planning.** As mid-career employees have children and buy homes, protecting their families will become more important. They should have enough disability insurance to cover their basic expenses and enough life insurance to provide for their dependents. Crucial estate planning documents include up-to-date beneficiary designations, a will, a durable power of attorney, and an advance health care directive. A living trust can also be important for employees looking to avoid probate.
- **Taking advantage of flexible spending accounts (FSA).** Flexible spending accounts offer tax-free funds for eligible health and dependent care expenses. These should be funded to cover expected expenses but not overfunded as money not used may be forfeited.
- **Spending under control.** Mid-career employees who are married and have minor children may want to use multiple accounts to separate household expenses from personal spending. This also allows them to know how much is available for discretionary expenses like shopping, eating out, and entertainment to avoid incurring more consumer debt.
- **Automated retirement savings.** Busy employees can use a contribution rate escalator to have their savings automatically increased each year to be on track for their retirement goals. Target date and other asset allocation funds can simplify the investing process as well.
- **Funding an education savings account (if appropriate).** Parents who are on track for retirement may want to set money aside that grows tax free for their children's future education expenses, thus reducing the potential need to borrow later.

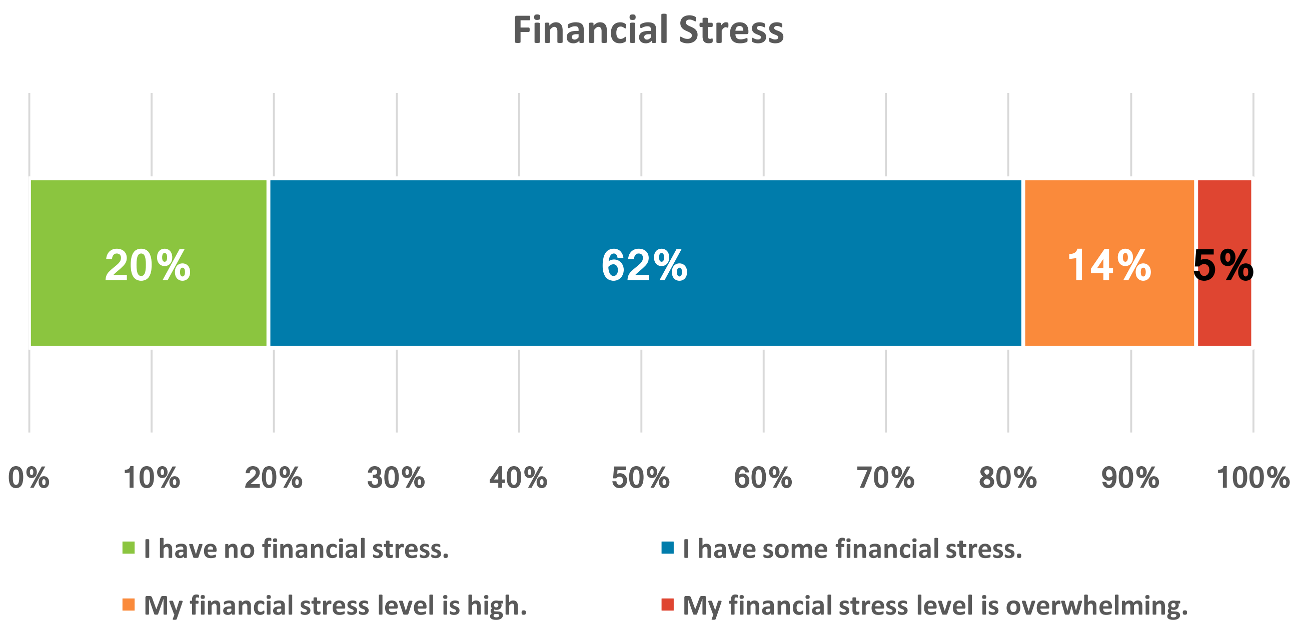
How Employers Can Help:

Employers can help mid-career employees get through this stage of their lives by educating them on how to prioritize competing financial goals and balance short- and long-term financial needs. This is especially important to the extent that mid-career employees are suffering financially more than pre-retirees and late-career employees did at this same stage of life. If that's the case, they may enter the later stages of their career even less prepared for retirement than their predecessors.

LATE CAREER (45-54)



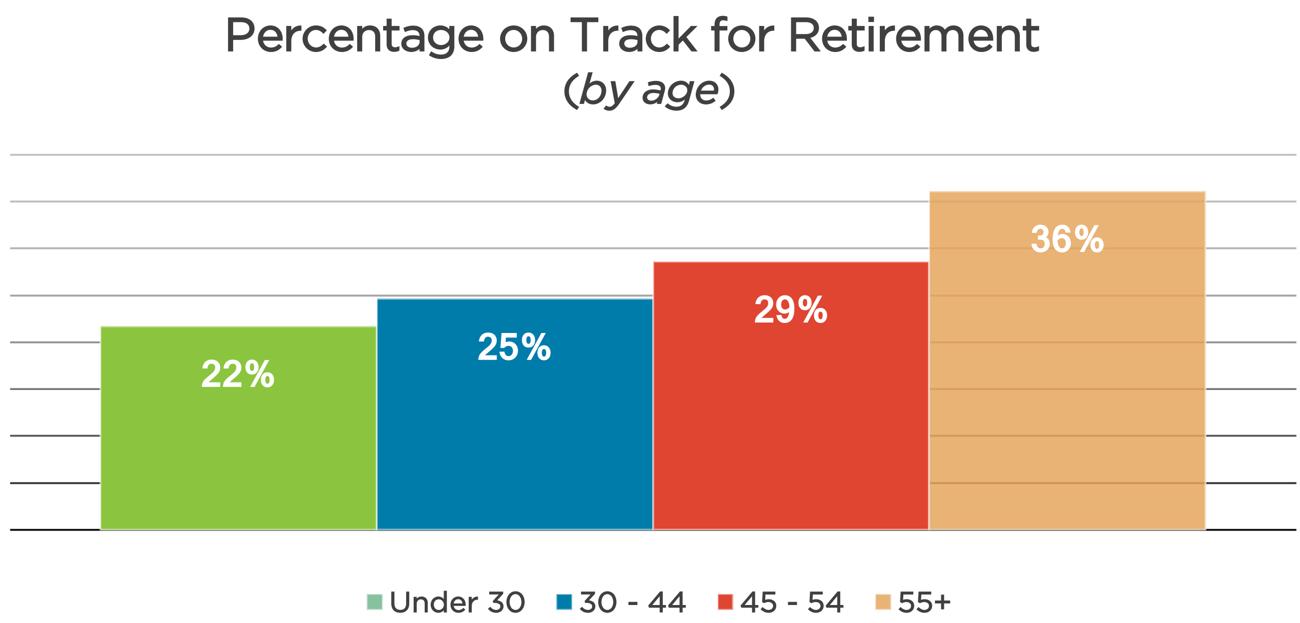




In many ways, late-career employees are faring worse than pre-retirees. Compared to pre-retirees, late-career employees are less likely to be on track for retirement (Figure 5), less confident with their investment allocation, less likely to have prepared a basic estate plan, and less likely to have umbrella liability or long-term care insurance. The good news is that late-career employees have time to rectify the situation. Because they manage cash better than mid- and early-career employees, they have more opportunities to save. This is particularly true as they become empty nesters.

If they do not improve their financial wellness, they may enter the pre-retirement phase even less prepared than today's pre-retirees.

Figure 5: Late-career employees are less likely than pre-retirees to be on track for retirement



One way that late-career employees differ from pre-retirees is that they're much more likely to have minor children. Having minor children made no real difference in retirement wellness scores, but it did seem to have a negative impact on cash flow and debt management. While caring for children, some late-career employees may also carry the burden of supporting struggling parents. A study by BMO Harris Premier Services found that 10% of Americans ages 45 to 65 are caring for both children and older relatives, and another 17% expect to be doing so in the next few years.[9]

The good news is that late-career employees have time to rectify the situation. Because they manage cash better than mid- and early-career employees, they have more opportunities to save. This is particularly true as they become empty nesters.

[9] BMO Financial Group. 2015. "BMO Harris Premier Services: Half of Americans Age 45 to 65 Currently Care for their Children or Aging Relatives." Accessed July 12, 2017. https://newsroom.bmo.com/2015-11-09-BMO-Harris-Premier-Services-Half-of-Americans-Aged-45-to-65-Currently-Care-for-Their-Children-or-Aging-Relatives

Table 6: Late-career employees lag pre-retirees in investment confidence, estate planning, and risk management

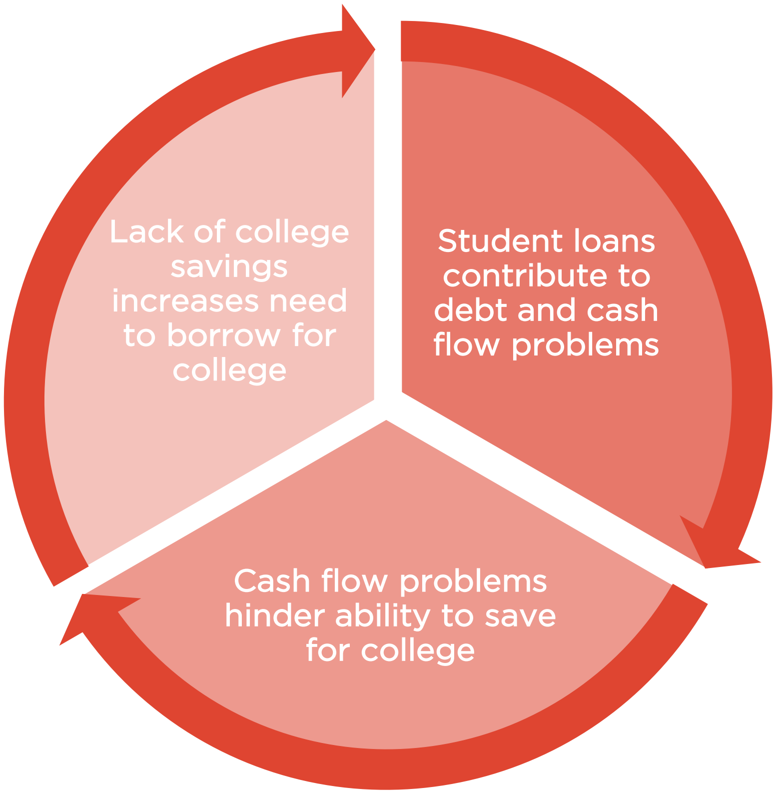
	Late-Career Employees	Pre-Retirees
I feel confident that my investments are allocated appropriately	49%	57%
I have written up legal documents such as a will or trust	36%	52%
I have an umbrella liability insurance policy	20%	28%
I have a long-term care insurance policy	13%	17%

Unfortunately, for late-career employees that are not on track for retirement, time may be running out. When compared to their colleagues that are on track for retirement, those not on track struggle with cash flow and debt management (Table 7). This may result in inadequate savings, delayed retirement, and dependency on children for support.

Table 7: Late-career employees must improve financial health to improve retirement preparedness

	On Track for Retirement	Not on Track for Retirement
I have a handle on cash flow	89%	57%
I have an emergency fund	74%	28%
I pay my bills on time	97%	80%
I am comfortable with my debt	79%	39%
I pay my credit card balance in full	70%	31%
I have taken a retirement plan loan or hardship withdrawal	8%	48%

Figure 6: The Cycle of Debt and Cash Flow Problems



To further exacerbate the situation, late-career employees not on track for retirement are also less likely to save for their children's education. A lack of college savings can lead to a higher dependency on student loans to help pay for college. This in turn puts a greater burden of debt on graduating students, thus potentially continuing the cycle of debt and cash flow problems (Figure 6). To break the cycle, late-career employees should prioritize improving cash flow so that they can save more for college.

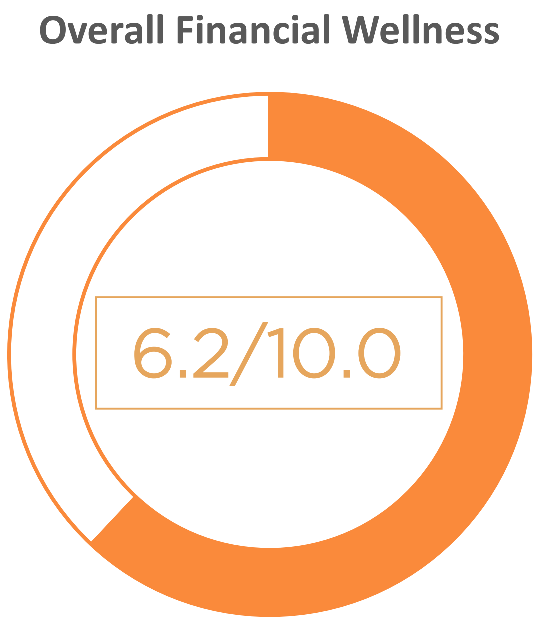
Milestones to Achieve:

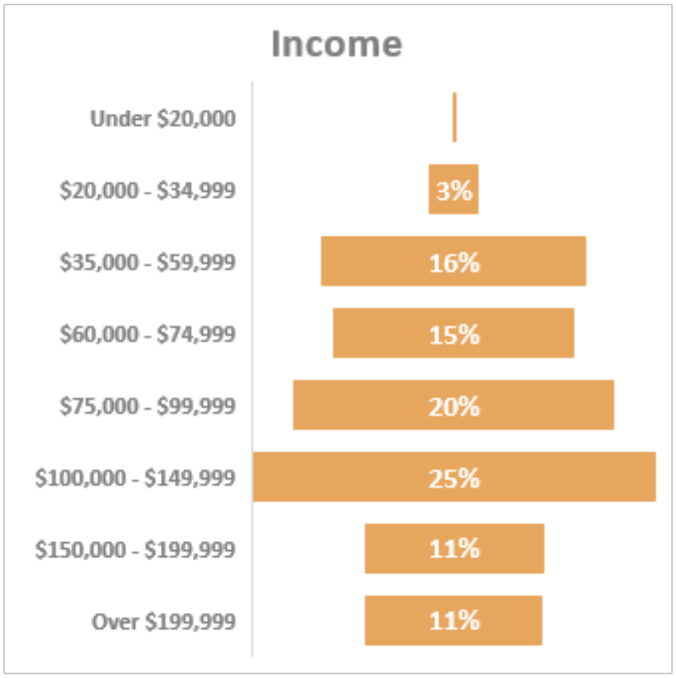
- **On track for retirement.** Late-career employees are likely at or near the peak of their careers and should run a retirement calculation to see if they need to save more to hit their retirement goals.
- **An understanding of financial aid.** Being able to help children navigate the financial aid process and choose an affordable college can prevent them from running up student loans.
- **Awareness of downsizing options.** Downsizing an empty nest can both free up equity to be invested for retirement and reduce expenses, making it easier to increase retirement savings.
- **Taking full advantage of retirement plans.** Those age 50 and above can make additional "catch-up" contributions to IRAs and qualified plans, and those age 55 and above can contribute more to health savings accounts (HSAs).
- **A tax-efficient investment strategy.** Late-career employees with assets outside of tax-sheltered accounts may want to look for ways to minimize their tax burden through asset location strategies and tax loss harvesting.

How Employers Can Help:

Employers can provide education and guidance around retirement, financial aid, and investing. Late-career employees are often close enough to retirement to be more interested in retirement planning than younger employees while still having time to save. However, employers should be aware that the group is composed primarily of Generation Xers who can often be skeptical, so any education or guidance should come from an unbiased source.

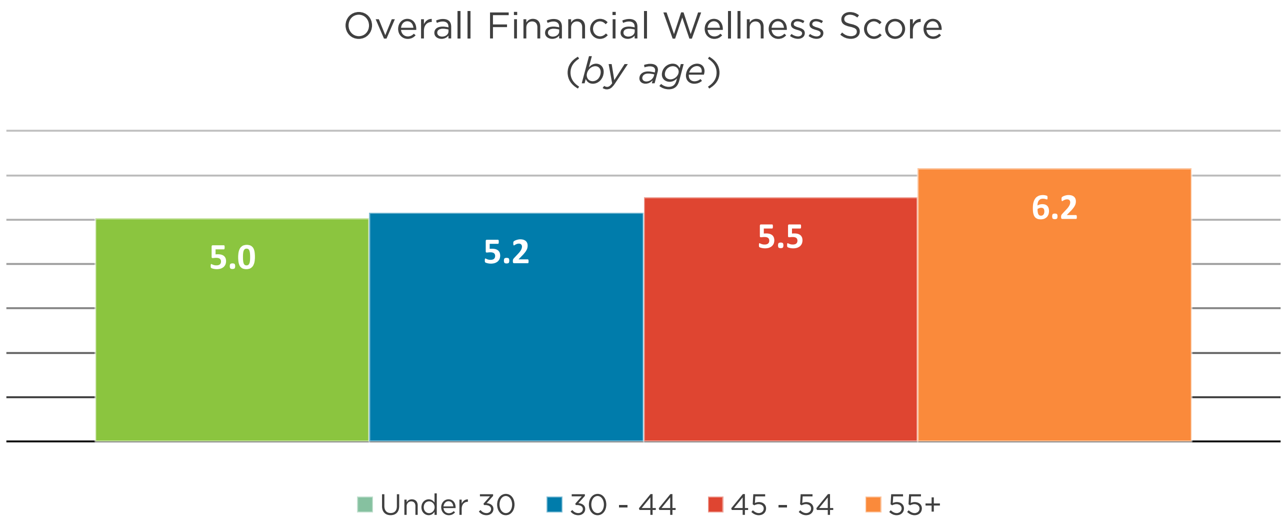
PRE-RETIREMENT (55+)





Pre-retirees face the most urgent financial challenge as they are closest to retirement. The good news is that they have the highest overall financial wellness score[10] among the four career stages studied (Figure 7). This is likely due to a combination of greater financial experience, higher median incomes, and a longer time to accumulate assets and pay down debt.

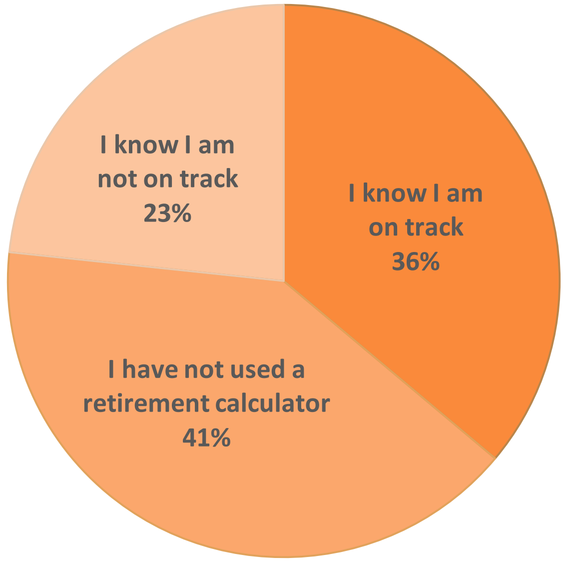
Figure 7: Pre-retirees have the highest overall financial wellness score



However, almost a quarter (23%) of pre-retirees know they are not on track for retirement, and another 41% have not used a retirement calculator and do not know if they are on track for retirement (Figure 8). This is disconcerting given how little time they may have left to close the gap. Those not on track are also struggling with cash flow, debt management, and investment confidence, making it unlikely they will close that gap in time to avoid delayed retirement.

[10] As measured on a scale of 0 to 10; see *About the Financial Wellness Score*

Figure 8: A minority of pre-retirees are confident they are on track for retirement



Even among those who are on track, a significant percentage are taking risks that could be catastrophic to their retirement preparedness. It's widely considered important that pre-retirees shift to a more conservative investment allocation as they approach retirement, but 29% are not comfortable with investment basics and how to apply them, and 22% do not re-balance their portfolio or use self-rebalancing investments (Table 8). Worst of all, over 40% of high-income pre-retirees (i.e., those with annual household incomes over $100,000) have 15% or more of their portfolio in a single position (Table 9). These pre-retirees could face a significant decline in their retirement savings should something happen to that position.

Table 8: investment behavior among pre-retirees separated by retirement preparedness

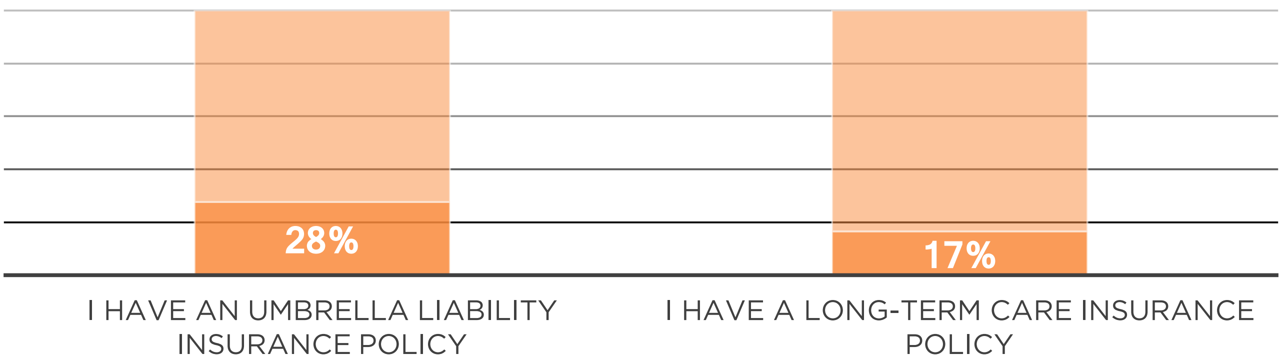
	On Track for Retirement	Not on Track for Retirement
I feel confident that my investments are allocated appropriately	85%	46%
I am comfortable with the investment basics and how to apply them	71%	30%
I rebalance my investment accounts or use self-rebalancing investments	78%	51%

Table 9: Concentrated positions put the financial security of many high-income pre-retirees at risk

Among pre-retirees with household incomes over $100,000:	On Track for Retirement	Not on Track for Retirement
My portfolio is made up of 15% or more of one position (including company stock)	40%	42%

Furthermore, only 28% of pre-retirees have umbrella liability insurance, and only 17% have long-term care insurance (Figure 9). Long-term care insurance is particularly important as 70% of Americans age 65 are estimated to need long-term care at some point in their lives.[11] Unfortunately, Medicare and other health insurance plans do not cover expenses related to long-term care, and Medicaid requires recipients to spend down practically all of their assets, including retirement accounts, to qualify for benefits.

Figure 9: Lack of asset protection a key vulnerability for many pre-retirees



[11] U.S. Department of Health and Human Services. 2017. *LongTermCare.gov Find Your Way Forward*. Accessed July 16, 2017. www.longtermcare.gov/the-basics

Milestones to Achieve:

- **A proper investment strategy.** While asset allocation and minimizing fees are important at any stage of investing, pre-retirees have often accumulated enough to make the impact on their net worth more significant. They also have less time to recover from a steep decline in the value of their nest eggs. A financial advisor may be needed if there are significant assets outside of tax-sheltered accounts.
- **Free of debt by retirement.** Being free of debt, including mortgages, lowers the cost of retirement and can help the retirement nest egg last longer.
- **A plan for collecting pension and Social Security benefits.** Pre-retirees will want to make sure they understand different collection strategies so that they get the most value from these benefits.
- **Ready to retire.** Retirement may come sooner than expected, so pre-retirees will want to have a good sense of what they can expect to receive in the way of retirement income and how much they can expect to spend in the way of retirement expenses (including medical).
- **Adequate liability and long-term care insurance.** As their assets grow, asset protection will become more important. Long-term care insurance can protect pre-retirees from having to spend down assets in order to qualify for Medicaid. It is typically recommended that people consider applying for coverage before age 65 when premiums may still be relatively affordable, and they are more likely to be insurable.

How Employers Can Help:

If these pre-retirees are forced to work longer than they would otherwise like to, they could cost employers an average of $10,000 – $50,000 per year of delayed retirement. Employers thus have a direct incentive to help these employees reach their retirement goals. For pre-retirees that are not on track for retirement, this may mean educating them on ways to better manage their cash flow in order to accelerate retirement savings and reduce their retirement income needs, and on ways to increase their retirement income such as using income annuities and reverse mortgages. For all pre-retirees, this would also include education on protecting their retirement portfolios through better investment diversification and risk management. In-person consultations may be especially beneficial for those who prefer a human touch in making these crucial retirement decisions.

Methodology

All of Financial Finesse's research is primary—based on tracking employees' most pressing financial concerns through their usage of our financial education services.

Trend analysis research is compiled by tracking questions received by planners through Financial Finesse's Financial Helpline and Ask-a-Planner services. Financial Wellness data is compiled by tracking employees' usage of Financial Finesse's Online Financial Wellness Assessment and Learning Center, which provides employees with a personalized financial education plan and analysis of their current financial wellness. Employers and employees are located across the country—in similar proportion to the demographics of the national population.

This report is based primarily on the analysis of 42,347 financial wellness assessments completed on January 1, 2016 through December 31, 2016. All figures are rounded to the nearest whole percentage unless otherwise noted.

Results have a +/-1% margin of error at the 99% confidence level.

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About the Financial Wellness Assessment

The Financial Wellness Assessment is a proprietary tool designed and developed by our Think Tank of CERTIFIED FINANCIAL PLANNER™ professionals used to measure employees' financial wellness. To get a realistic assessment of wellness in each category, planners determined the most important criteria for achieving financial success in that specific category. By asking key questions that determine employees' progress on these different actions, we are able to approximate their financial wellness in those areas.

ABOUT THE FINANCIAL WELLNESS SCORE

The Financial Wellness Score is measured on a scale of 0 to 10, with 0 indicating minimal financial wellness and 10 indicating optimal financial wellness. Scores are adjusted to consider age and income and determine how well employees are managing their finances based on these factors and the needs associated with different life stages and income levels. Employees who achieve a Financial Wellness Score within a specified range exhibit financial behavior as outlined in the following chart:

Wellness Score	Financial Behavior
9.0 or above	Employees have excellent financial skills and habits, and have achieved an optimal level of financial wellness. They are on track to meet their goals and fully prepared to weather unexpected challenges that arise.
7.0 to 8.9	Employees have good financial skills and habits, and are in a fairly good position to reach their goals, but there are additional actions they need to take to fully prepare for their goals and protect themselves from challenges that may arise.
5.0 to 6.9	Employees are demonstrating some personal financial skills, but have significant gaps in their overall financial planning and behaviors, and really need education and guidance to make decisions and develop financial habits that will allow them to achieve their goals.
3.0 to 4.9	Employees may be sabotaging their own goals through poor personal financial skills and are in need of more basic information.
Below 3.0	Employees are in dire need of guidance around basic personal financial skills to help keep them from experiencing serious financial consequences.

About Financial Finesse

Financial Finesse is the leading provider of unbiased workplace financial wellness programs in the country, reaching over 2.4 million employees at 600 organizations with holistic financial coaching and guidance that helps employees improve their financial wellness. The firm's programs cover every area of financial planning – from basic money management to advanced estate planning – and cost employees nothing out of pocket, since they're offered as fully subsidized benefits by their employers. Financial Finesse's programs are proven to change lives, provided through a variety of channels such as live workshops, webcasts, one-on-one financial counseling sessions and a financial helpline by CERTIFIED FINANCIAL PLANNER™ professionals who do not sell any financial products or manage assets. www.financialfinesse.com