



*THE EVOLUTION OF EMPLOYEE WELLNESS PROGRAMS:  
"ADDRESSING PHYSICAL, MENTAL AND FINANCIAL  
WEALTH OF YOUR EMPLOYEES"*

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# Stretching the definition of Employee Wellness

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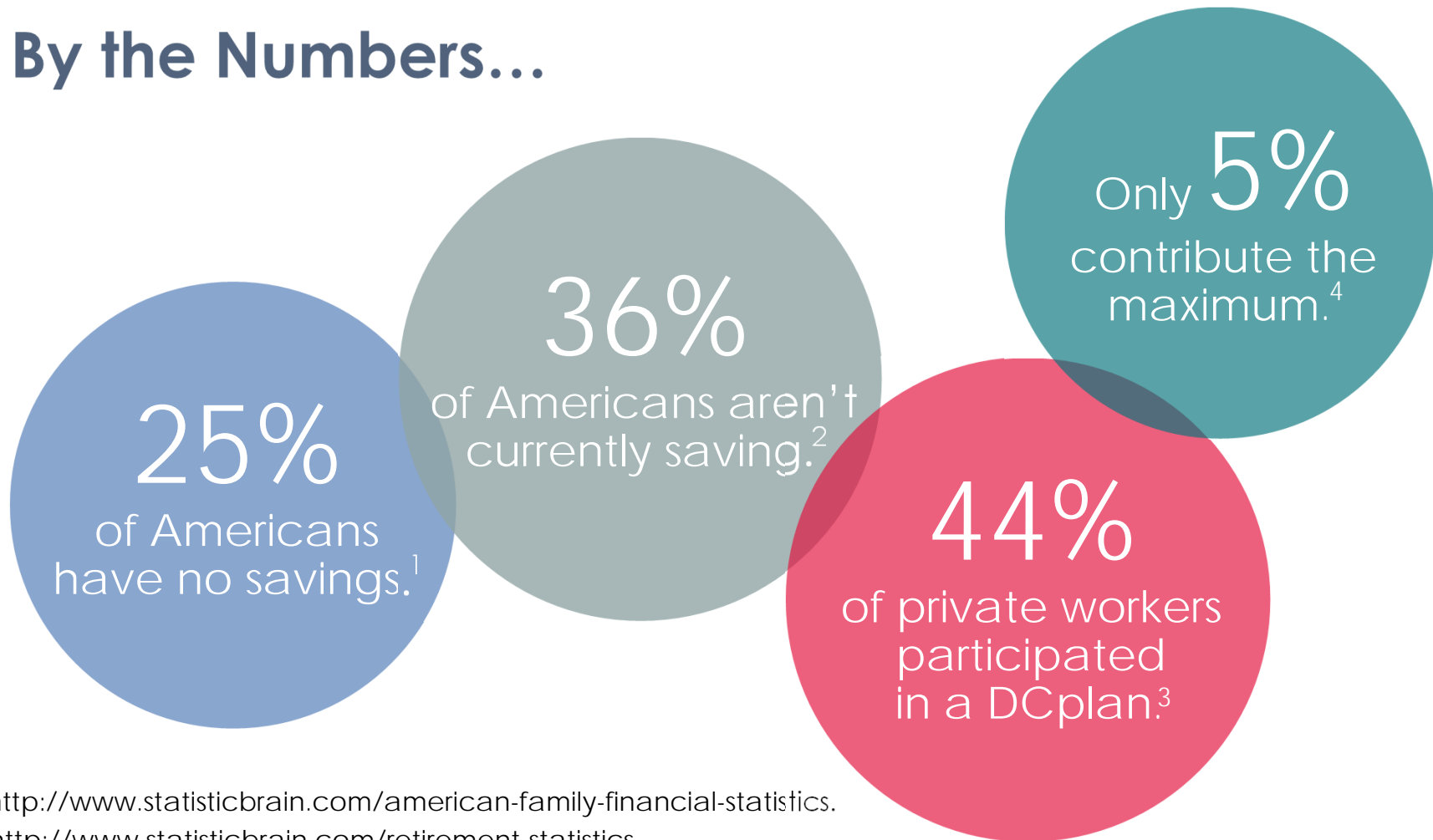
→ CURRENT OUTLOOK

→ STRATEGIES

→ EDUCATION

# The Retirement Crisis: Does America have a Savings Problem?

## By the Numbers...



<sup>1</sup> <http://www.statisticbrain.com/american-family-financial-statistics>.

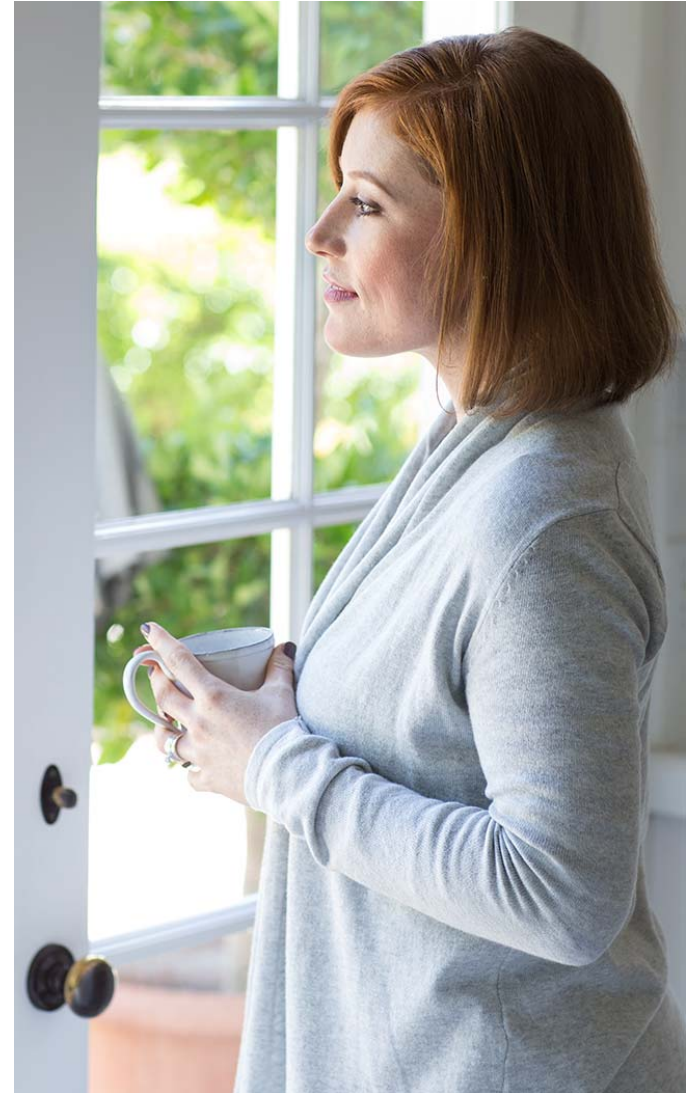
<sup>2</sup> <http://www.statisticbrain.com/retirement-statistics>.

U.S. Labor statistics as of 3/16/17 <sup>4</sup> <http://business.time.com/2013/01/08/how-to-rock-your-401k-in-2013>.

## Participation Rates vs Retirement Readiness

Less than half  
of Americans  
have calculated how  
much they will  
need for retirement.<sup>5</sup>

<sup>5</sup> [http://www.dol.gov/ebsa/publications/10\\_ways\\_to\\_prepare.html](http://www.dol.gov/ebsa/publications/10_ways_to_prepare.html).



# The Problems Facing Retirement Plans: Gender Differences of Money Management

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- ➔ Schwab Study<sup>1</sup>
  - ➔ 47% of men are more inclined to trust only themselves to make good financial decisions, vs. 32% of women
  - ➔ 29% of men are more likely to say they've made more financial mistakes than smart financial decisions, vs. 20% of women
  - ➔ 35% of men think they still have a lot to learn about managing their finances successfully, vs. 28% of women
  - ➔ Women are nearly twice as likely as men to turn to friends or family members for financial advice (30% vs. 17% percent of men)
  - ➔ 44% of women say they are taking a passive approach, vs. 37% of men
- ➔ Survey shows everyone handles finances differently
- ➔ No one-size fits all solution
- ➔ Offering tailored help and guidance is a main concern



1 – Source: “Schwab Retirement Study Uncovers Gender Differences in Money Management Styles” by Schwab Investor Services News 2011



# Stretching the definition of Employee Wellness

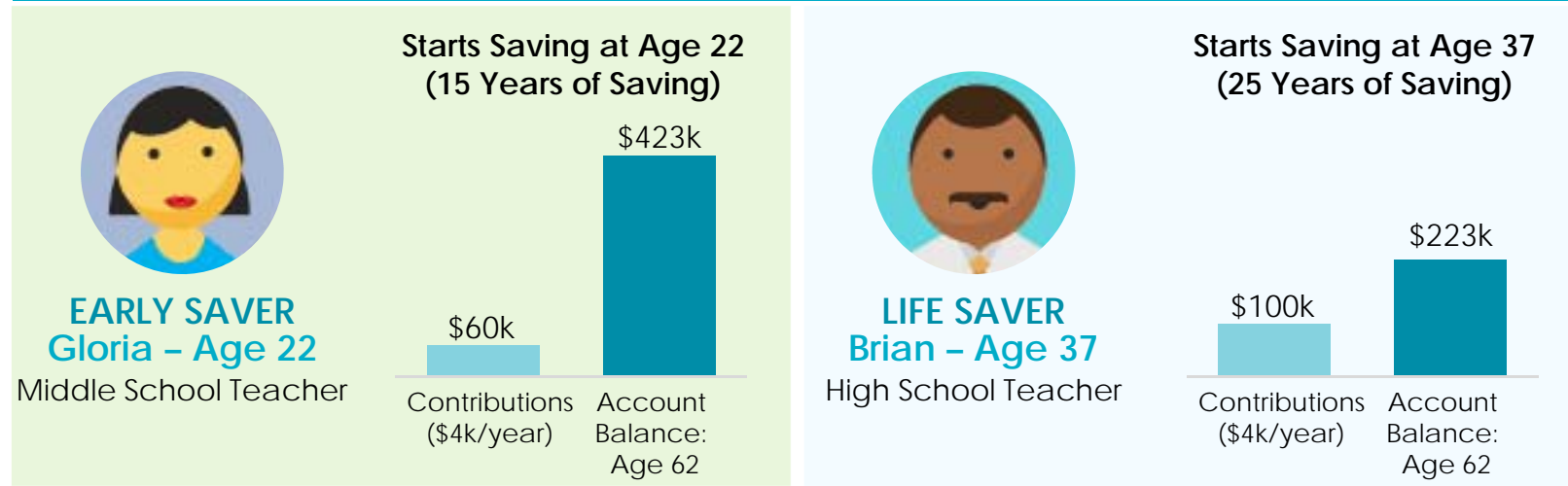
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## STRATEGIES

# START EARLY

Give Any Earnings a Chance to Generate Its Own Earnings

## Gloria and Brian: A Hypothetical Case Study<sup>1</sup>



## Why Does Gloria Have More Money?

**BECAUSE  
GLORIA  
HAD TIME  
ON HER SIDE!**

Gloria's account will have **more time** to potentially grow by the time she retires

Each year's gains are **reinvested** to potentially generate their own gains

The **sooner** you start saving for your retirement, the more time your money will have to potentially benefit from tax-deferred growth

But it is **never too late** to start

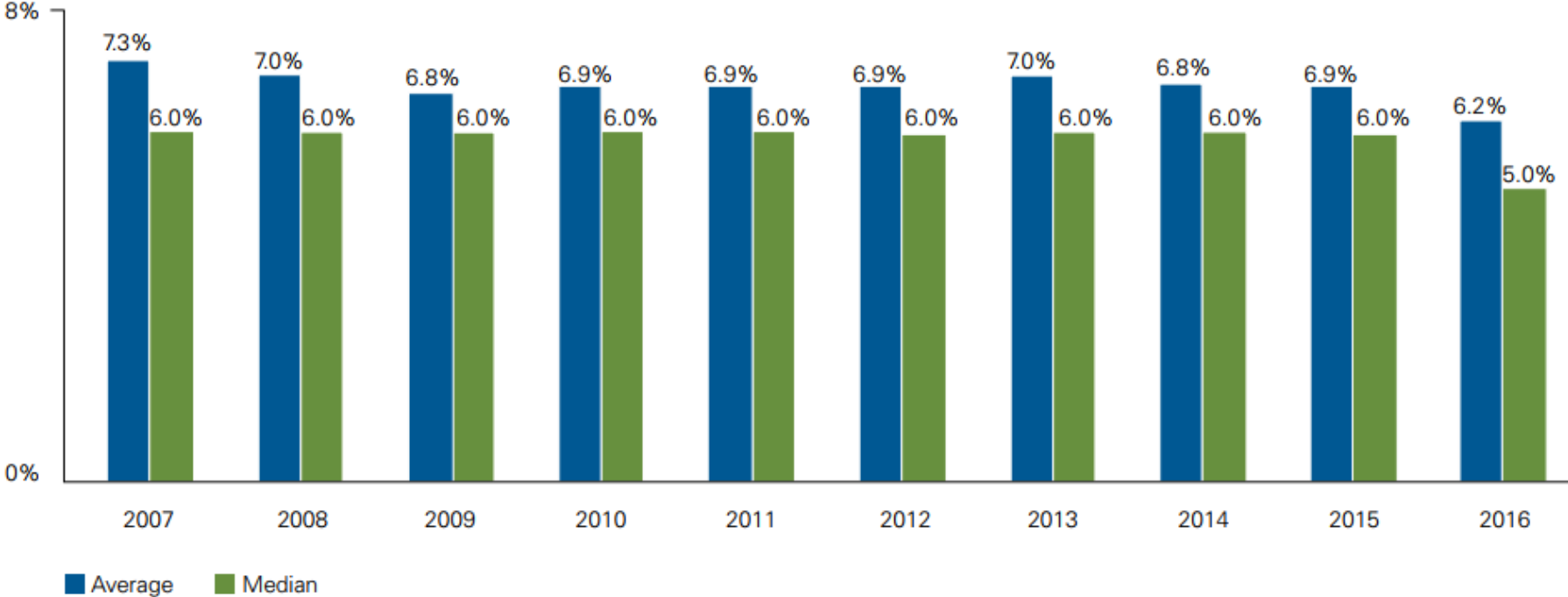
1. Assumes a hypothetical 6% annual potential rate of return. The 6% hypothetical rate of return is not guaranteed and is not based on the performance of actual investments or products. Actual rates of return will vary over time, particularly for long-term investments. Investments offering the potential for higher rates of return also involve a higher degree of risk. Actual results will vary. The amounts used in this hypothetical example do not take taxes or product-related charges into account.





# Participation & Contribution Deficiency

## Retirement Savings Plans Contribution Rates



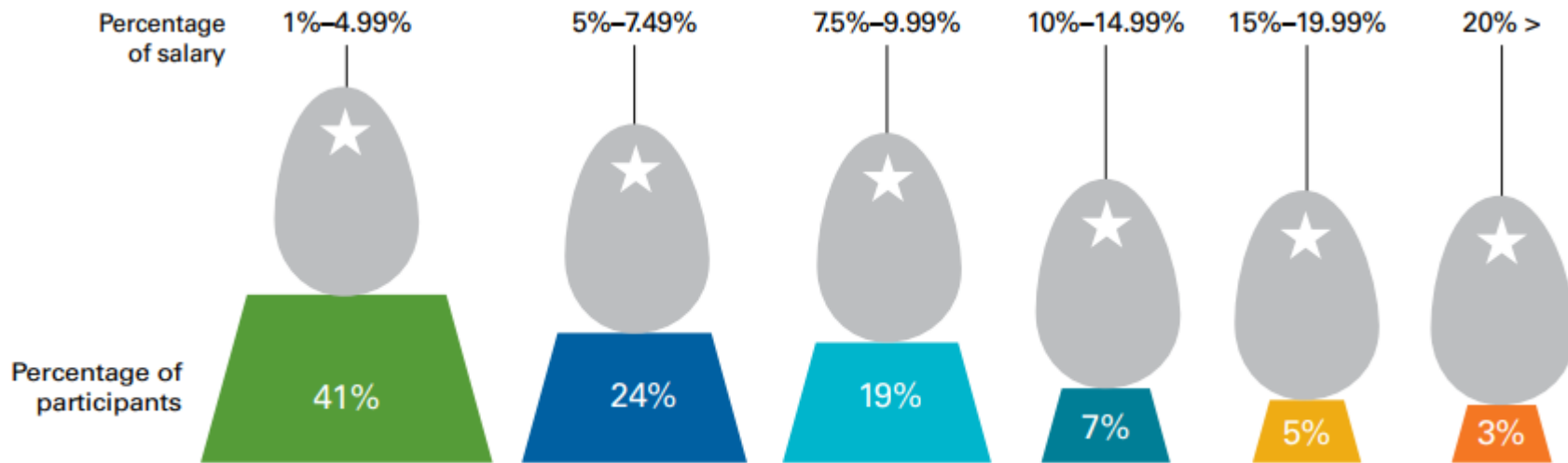
Source: Vanguard, 2017.





# Participation & Contribution Deficiency

## Not Saving Enough is a Major Threat to Retirement Security



Percentage of participants totals more than 100% due to rounding.

Source: Natixis 2016 SURVEY OF DEFINED CONTRIBUTION PLAN PARTICIPANTS. "RUNNING ON EMPTY: Attitudes and Actions of Defined Contribution Plan Participants."



# Stretching the definition of Employee Wellness

## High level of concerns:

- 72% reported anxiety
- 42% reported sleeplessness
- 25% memory loss



## Successful wellness programs show:

- Employees are more appreciative and loyal to their employers
- 90% had a positive feeling about work culture
- 78% were more productive and energetic at work
- 65% of employees reported they were satisfied with their overall health and financial fitness

*66% of employees with high level of financial stress feel depressed*

# Cultural Complex

*Examining the retirement and financial habits, attitudes and preparedness of America's diverse workforce*

## Participation Rate By Group

- Asian Americans: 81%
- White Americans: 47%
- African American: 40%
- Hispanic Americans: 28%

## Average Assets Saved By Group

- White Americans: 130k
- Asian Americans: \$91k
- African Americans: \$19k
- Hispanic Americans: \$12k



***In-culture is as important as In-language when developing financial literacy programs for a diverse workforce***



# Stretching the definition of Employee Wellness

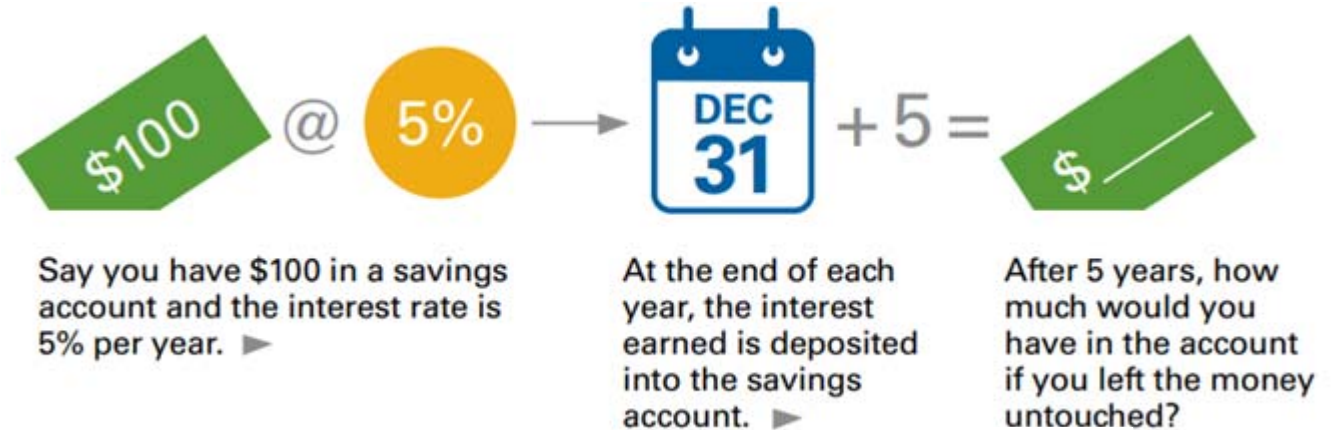
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## EDUCATION

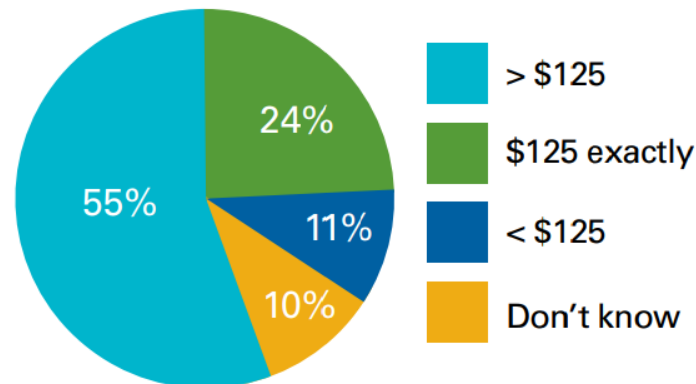
# Missing Out on Professional Advice

## Testing Respondents' General Investor Knowledge

The Question:

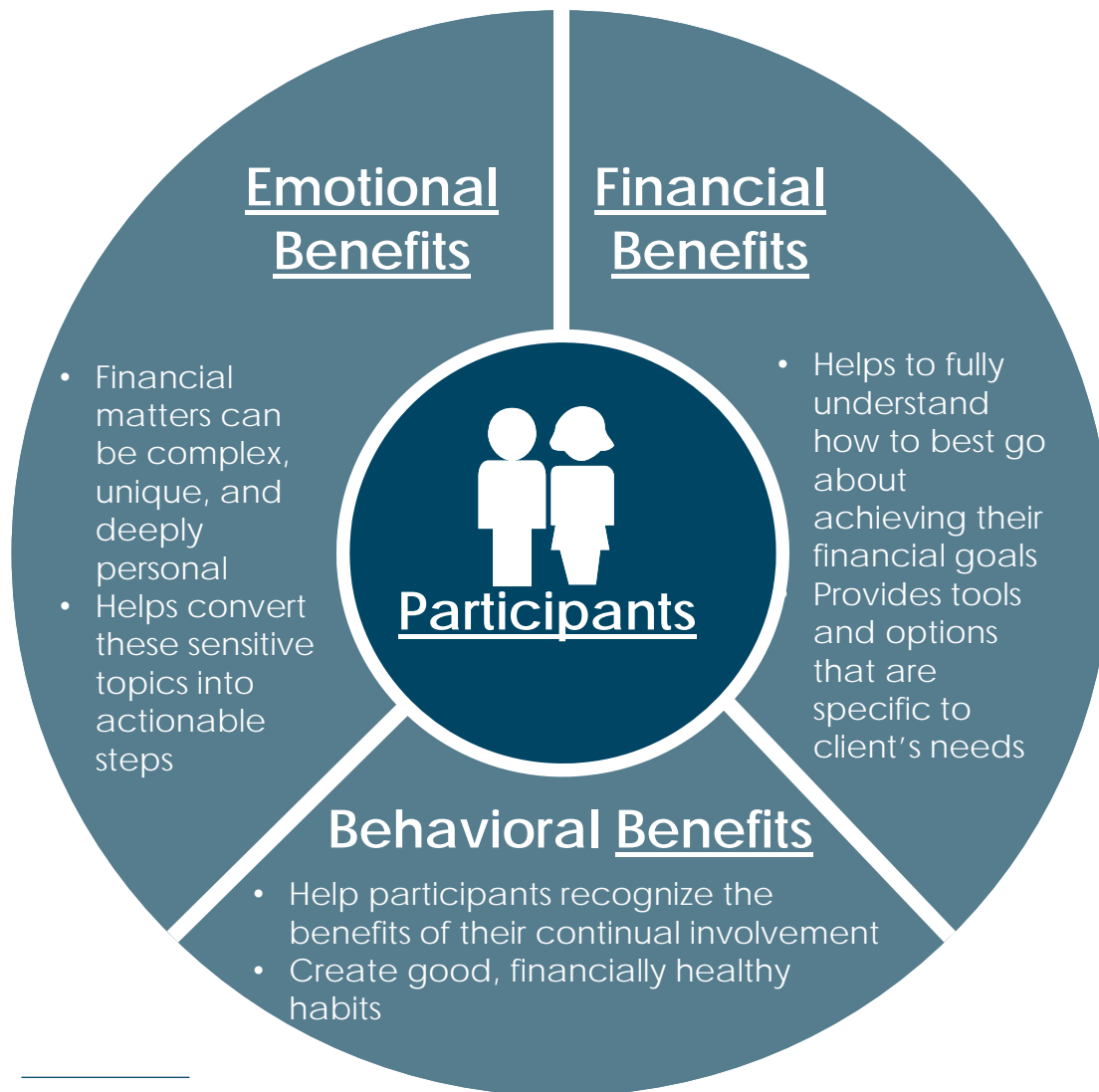


Respondents' Answers:



# Advisors are Critical to Participants and Their Needs

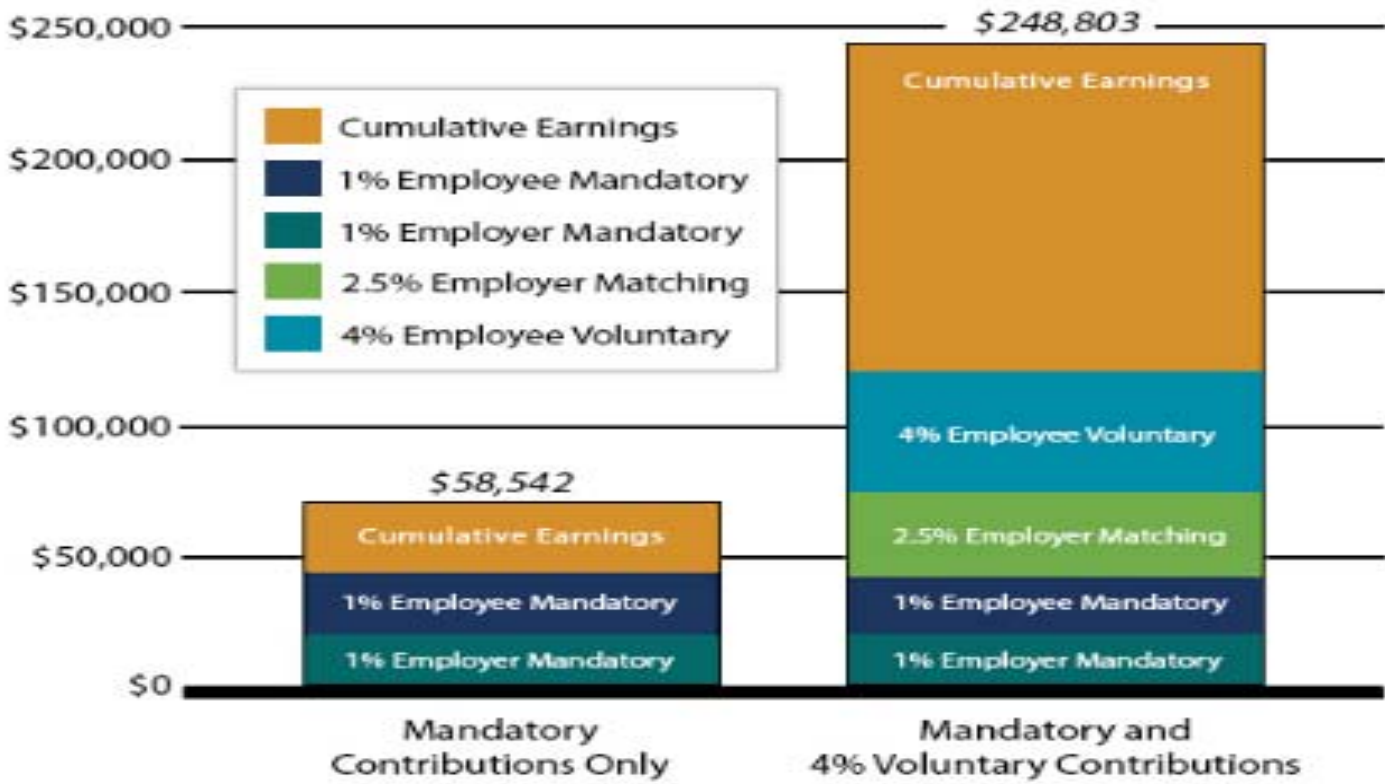
Participants benefit on a number of levels and advisor expertise with their financial needs extends well beyond enrollment assistance



- Survey among K-12 403(b) plan participants and non-participants regarding their experience with/without an advisor
- The advisor difference: participants who use an advisor vs. those who don't in 403(b) plans
  - More confidence in their retirement savings overall (+32%)
  - Higher account balances (+63%)
  - Higher monthly contributions (+33%)

# Hybrid Participants

**Value of Contributing More Money Over Time**  
*Estimated Earnings Over 30 Years*



**Note:** The above representation is based on a monthly income of \$3,000, assumes bi-monthly employee contributions and a 6-percent average annual return after 30 years. The final account balance does not account for plan fees or expenses, which would reflect lower net returns. Investment return and principal value fluctuate, so when shares are redeemed they may be worth more or less than the original cost.





## Consider These Statistics

More than two in five (42%) Millennials have yet to plan for retirement.

Tax deferral is important for retirement savings, say 75% of Boomers.

More than half of Generation Xers (59%) are not saving enough for retirement; 40% live beyond their means.

Experts suggest saving 10%-15% of current pay to have sufficient retirement savings.

Four in five (80%) U.S. households with at least one earner have retirement savings that amount to less than their annual income.

When participants perform retirement income calculations, 20% increase contributions by five percentage points.

More than 38 million U.S. working-age households do not have retirement accounts.



## ➔ **Partial Lump Sum Option**

Any years of service over 30 or past age 65

Maximum of 3 Years

## ➔ **Pre-payment of Pension payment**

**Whichever PLOP you chose it is essentially 12.5 years of Pension payments up front.**



## Reasons to take PLOP

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- ➔ **Legacy Planning**  
Leaving something to children, grandchildren, religious or other charities
- ➔ **Flexibility**  
For those who didn't save during their working years, this allows them to not live on a fixed Budget
- ➔ **Large Purchase**

Thank you



**redefining** / standards