



# Employer Approaches to Financial Wellbeing Solutions

November 2019

# Speakers



**Lori Lucas, CFA,  
President and CEO, EBRI**



**Julie Stich, Vice President,  
Content, IFEBP**



**Nathan Voris, Managing  
Director, Business  
Strategy, Schwab  
Retirement Plan Services**



Moderated by: **Stacy  
Schaus, Schaus Group**

The screenshot shows a Zoom meeting window titled "UNIFIED MEETING 5" with a host "Paul Fronstin". The main content area displays a slide with the text "Q & A" and the "EBRI" logo at the bottom. On the right side, the "PARTICIPANTS (5)" list includes "Paul Fronstin (Me)", "EBRI - Marcene Pugh" (Moderator, Sharing), and "Ask Questions". A context menu is open over "Ask Questions", showing options for "Chat" and "Meeting information". A red arrow points from the "Ask Questions" menu item to the "Chat" option. Another red arrow points from the "Chat" option to the bottom-left corner of the meeting window, where the chat window is visible. The bottom toolbar contains icons for gallery view, search, and other meeting controls.

UNIFIED MEETING 5 Paul Fronstin

MAIN ROOM (5) SHARE [EBRI - Marcene ...]

Q & A

EBRI

PARTICIPANTS (5)

- Paul Fronstin (Me)
- EBRI - Marcene Pugh  
MODERATOR, SHARING
- Ask Questions

Chat  
Meeting information

**RIGHT CLICK on "Ask Questions" then Click on Chat**

**Chat window will open in the bottom left corner**

# EBRI'S FINANCIAL WELLBEING CENTER

*To understand and measure the return on investment to employers of financial wellbeing initiatives that are offered to employees—to facilitate a movement from art to science of financial wellbeing.*

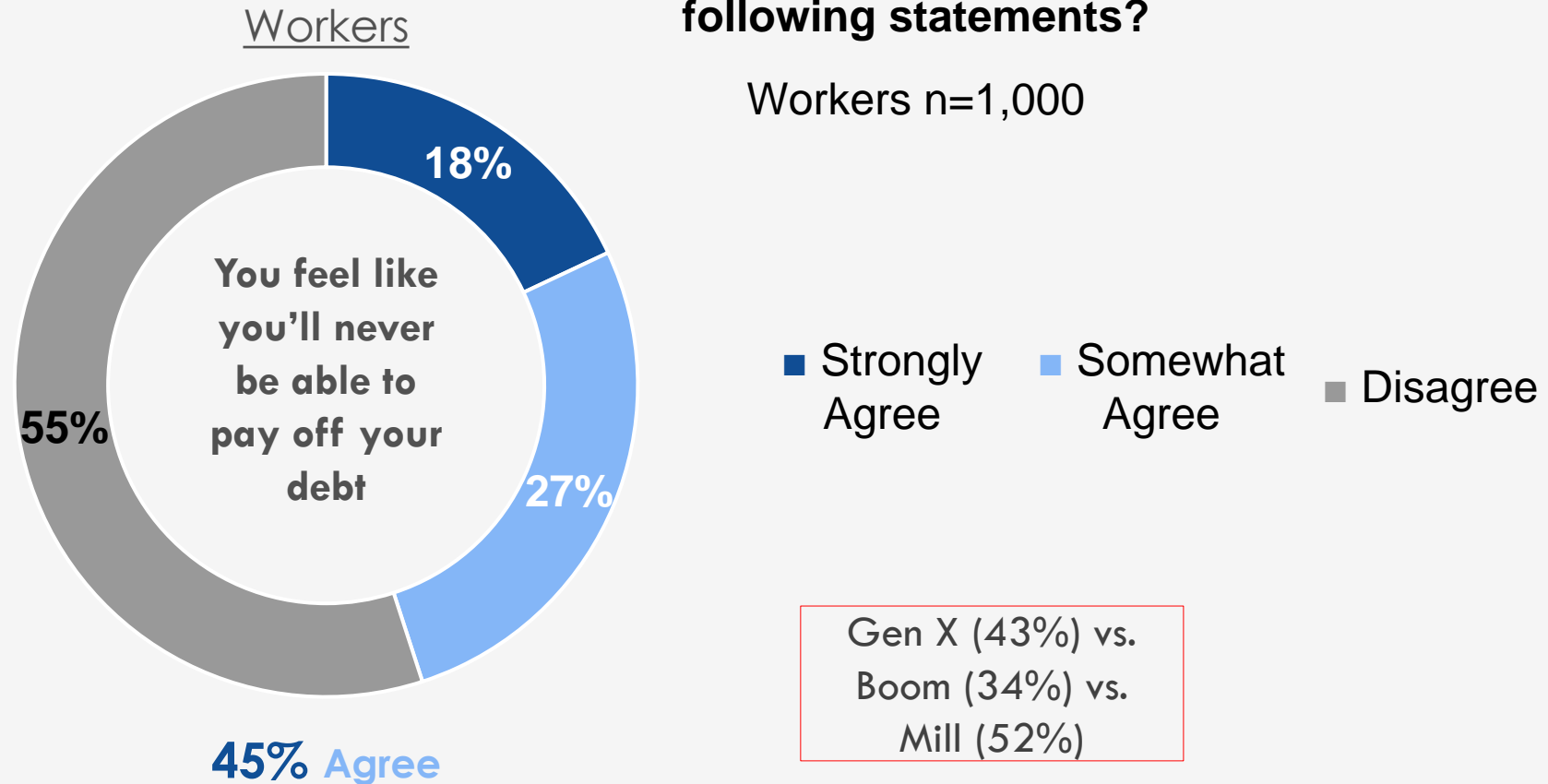


[www.ebri.org](http://www.ebri.org)

Contact: [lucas@ebri.org](mailto:lucas@ebri.org)

# NEARLY HALF OF WORKERS FEEL THEY WILL NEVER BE ABLE TO PAY OFF THEIR DEBT.

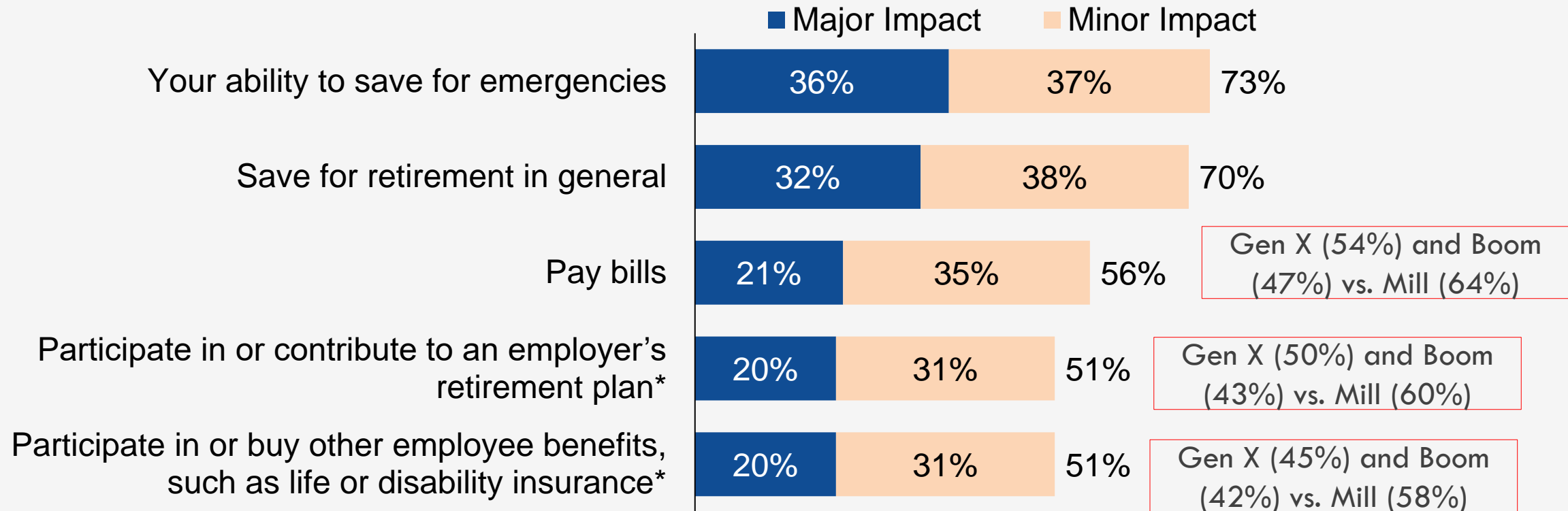
To what extent do you agree or disagree with the following statements?



# DEBT'S IMPACT IS FELT IN DIFFERENT WAYS

To what extent is your non-mortgage debt having a negative impact on the following?

Workers who have non-mortgage debt n=725



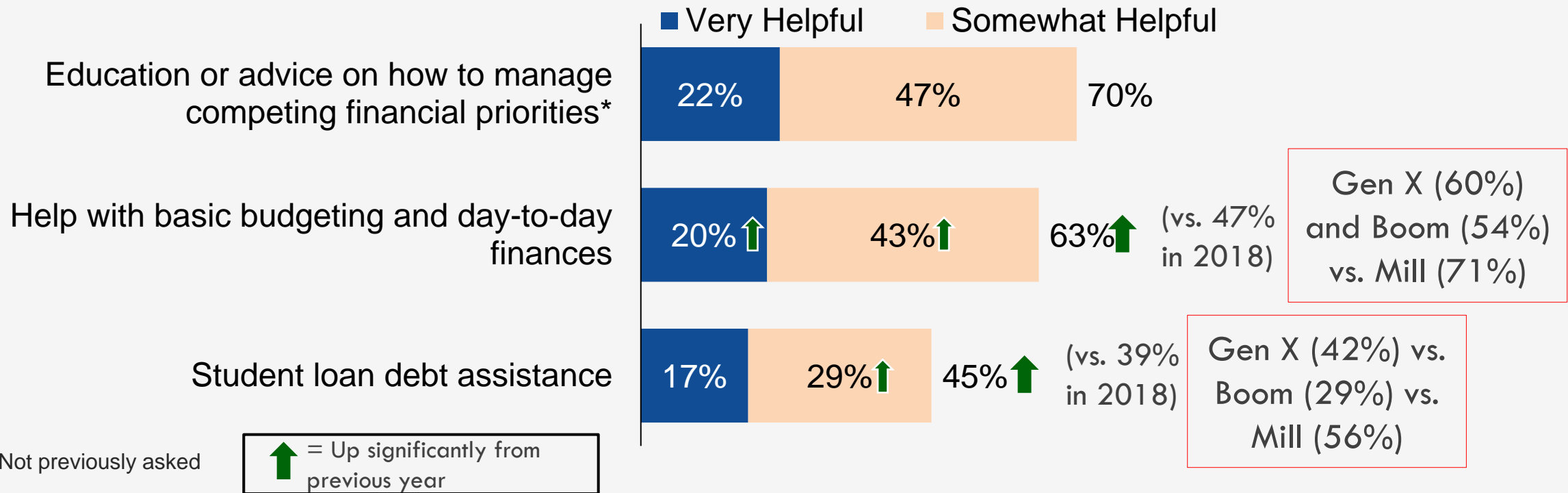
\*Only asked of workers

Source: Employee Benefit Research Institute and Greenwald & Associates, "2019 Retirement Confidence Survey" (Employee Benefit Research Institute, April 30, 2019).

# 7 IN 10 WORKERS WOULD FIND WORKPLACE EDUCATION OR ADVICE HELPFUL

How helpful, if at all, do you think the following workplace educational or financial well-being programs would be in helping you better prepare or save for retirement?

Workers employed full- or part-time n=820



# FINANCIAL WELLBEING SURVEY

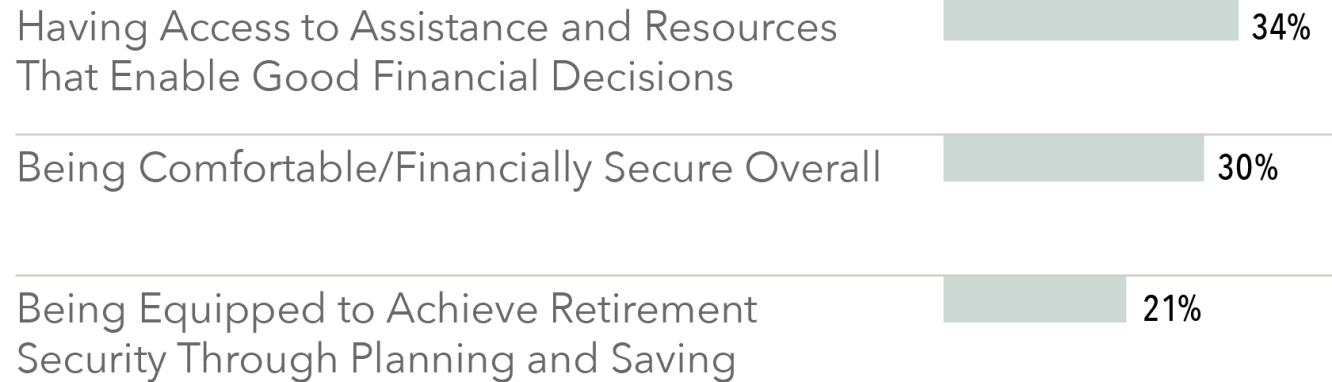
- EBRI's second annual Employer Financial Wellbeing Survey was conducted in June of 2019.
- The survey focused on companies with at least 500 employees where respondents expressed at least some interest in offering financial wellness programs
- Information for this report was collected from 15-minute online survey with 248 full-time benefits decision-makers conducted in June 2019.
- Respondents were required to have at least moderate influence on their company's employee benefits program and selection of financial wellness offerings.
- Additionally, respondents were required to hold an executive, officer, or manager position in the areas of human resources, compensation, or finance.



# DIVERSITY OF DEFINITIONS

Employees' financial wellbeing remains an evolving concept among employers. There is little consensus on what financial wellness looks like.

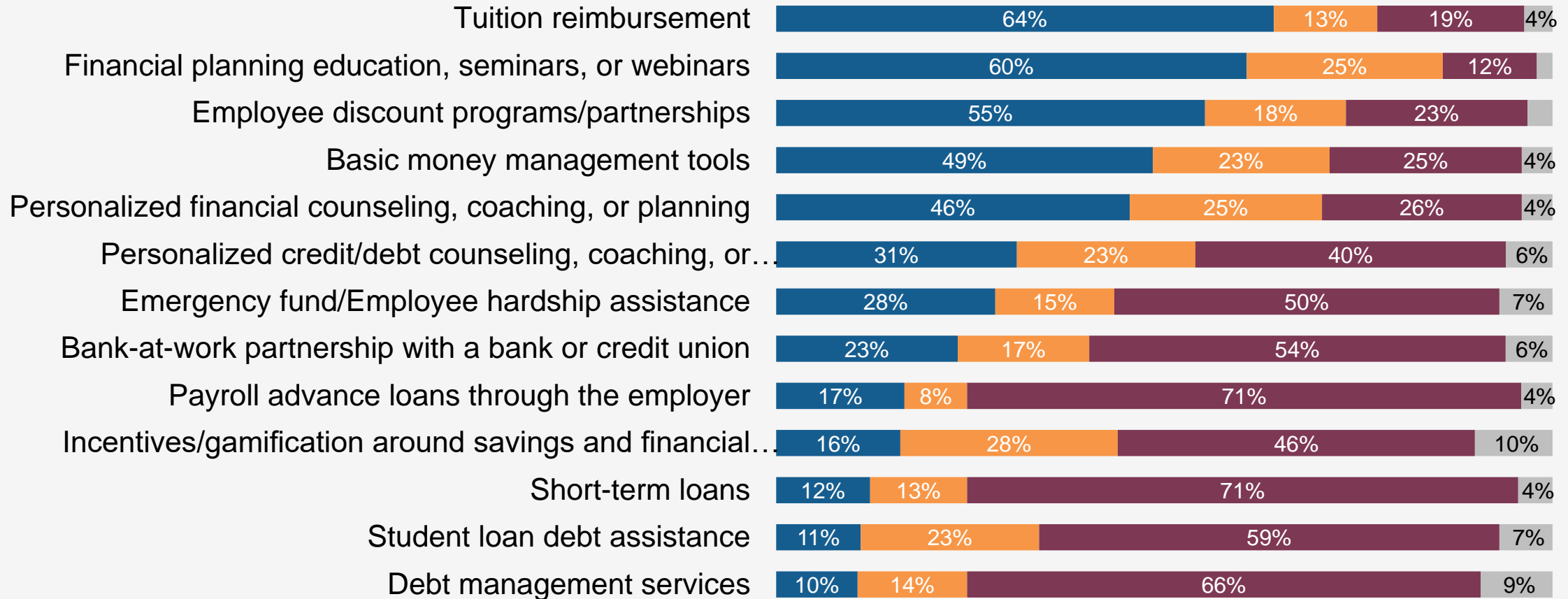
## Top 3 Employer Definitions of “Financial Wellness”



# FINANCIAL WELLNESS OFFERINGS

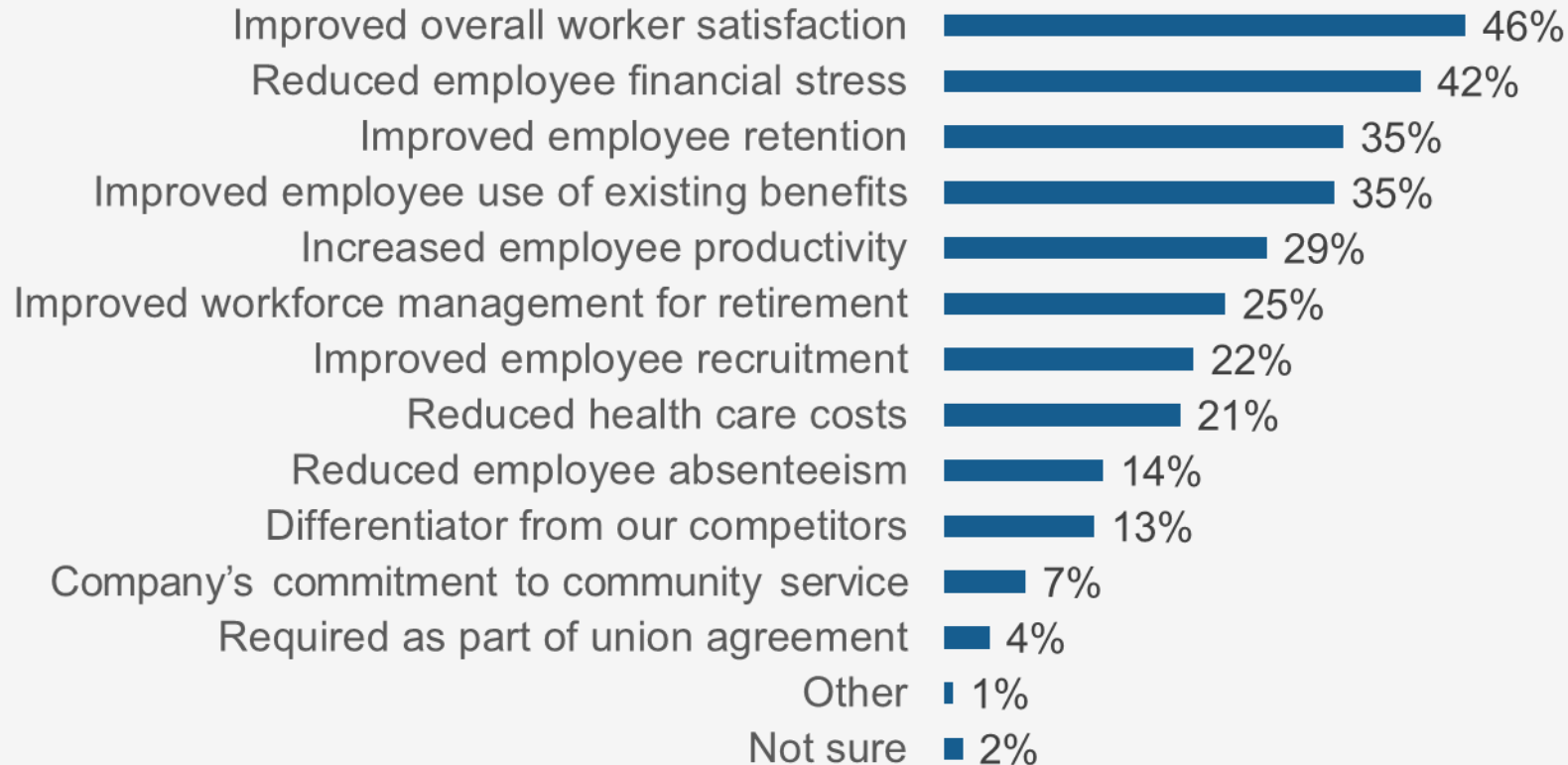
**Does your company offer or plan to offer any of the following financial well-being or debt assistance benefits to employees?**

■ Offer      ■ Plan to offer      ■ Not planning to offer      ■ Not sure



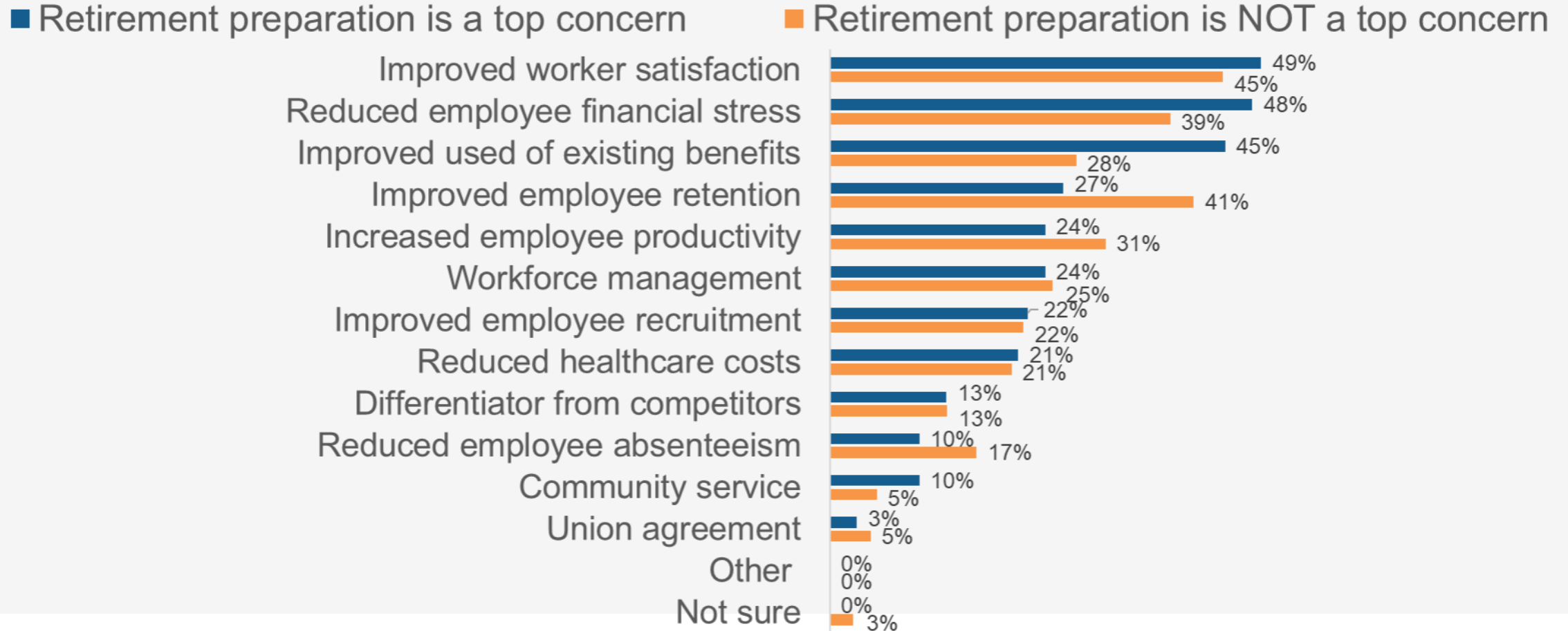
# TOP REASONS FOR OFFERING FINANCIAL WELLNESS INITIATIVES

What are or would be your top 3 reasons for offering financial wellness initiatives?



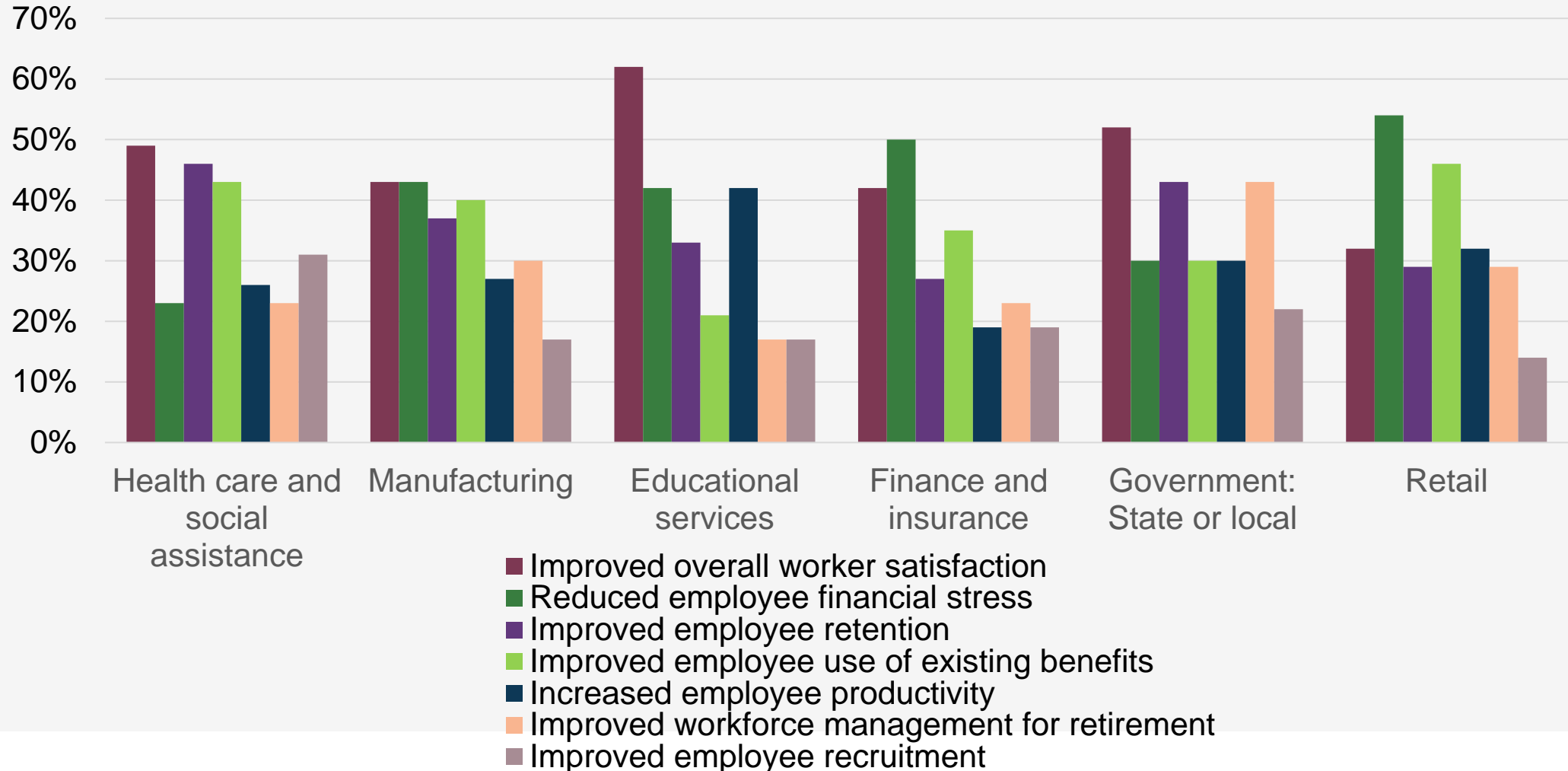
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What are or would be your top 3 reasons for offering financial wellness initiatives to employees?



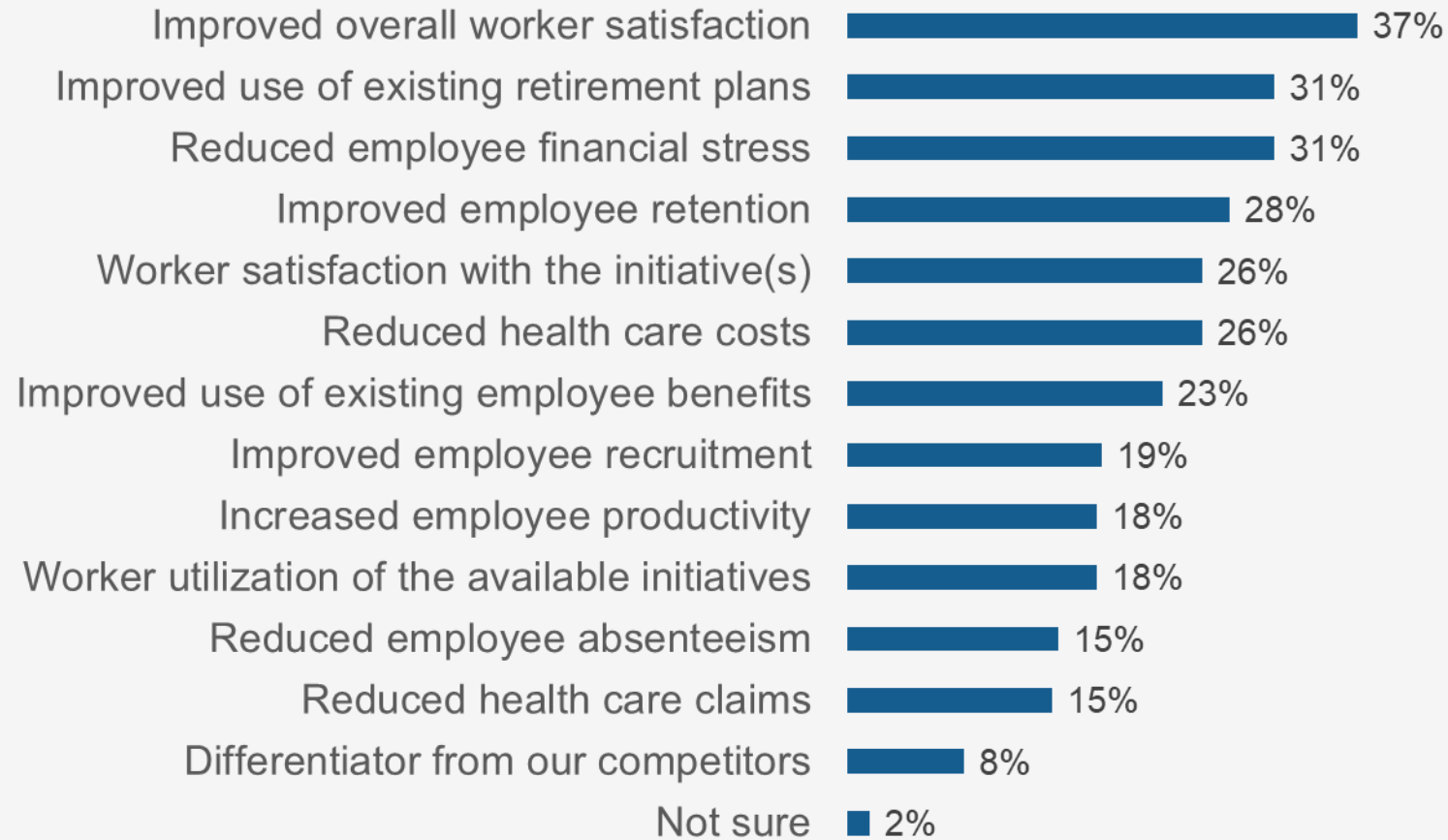
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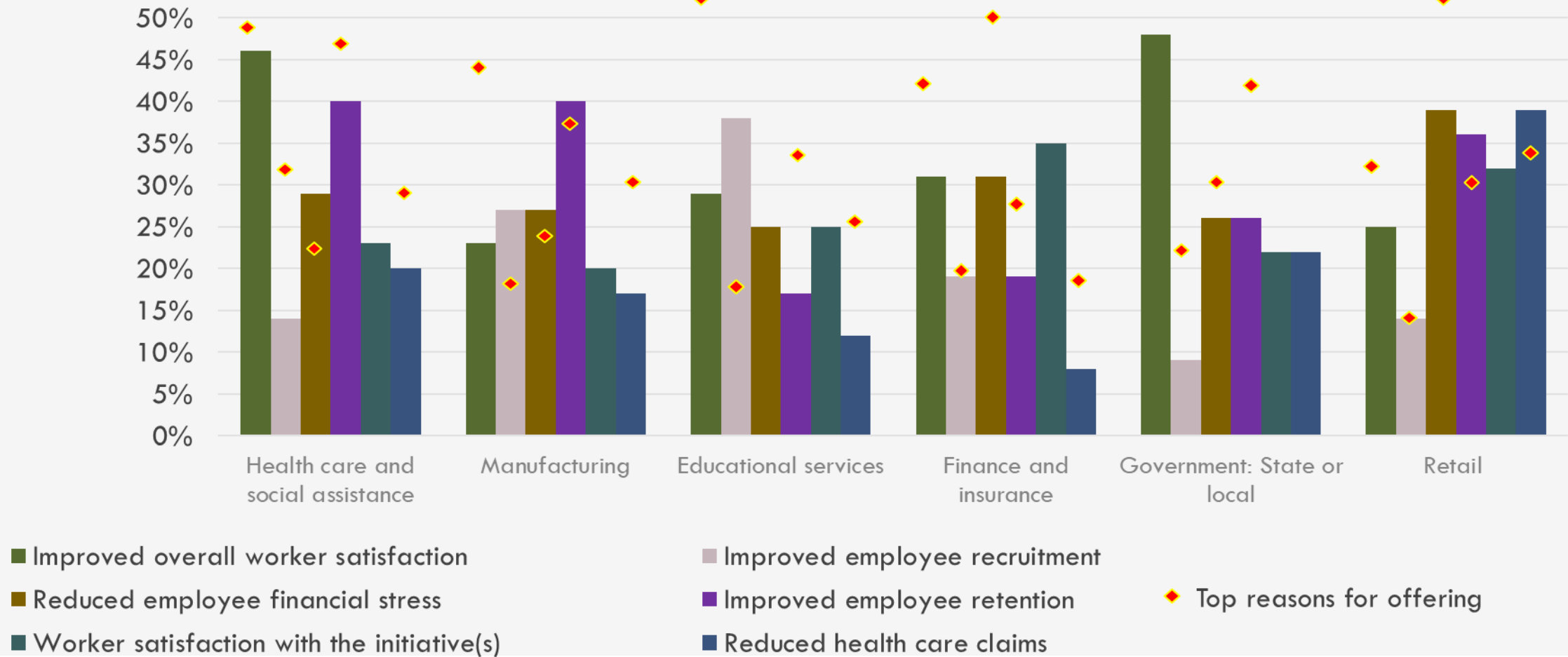
# TOP FACTORS IN MEASURING FINANCIAL WELLNESS INITIATIVES' SUCCESS

What are the top 3 factors that are or will be important in the measurement of your financial wellness initiatives?



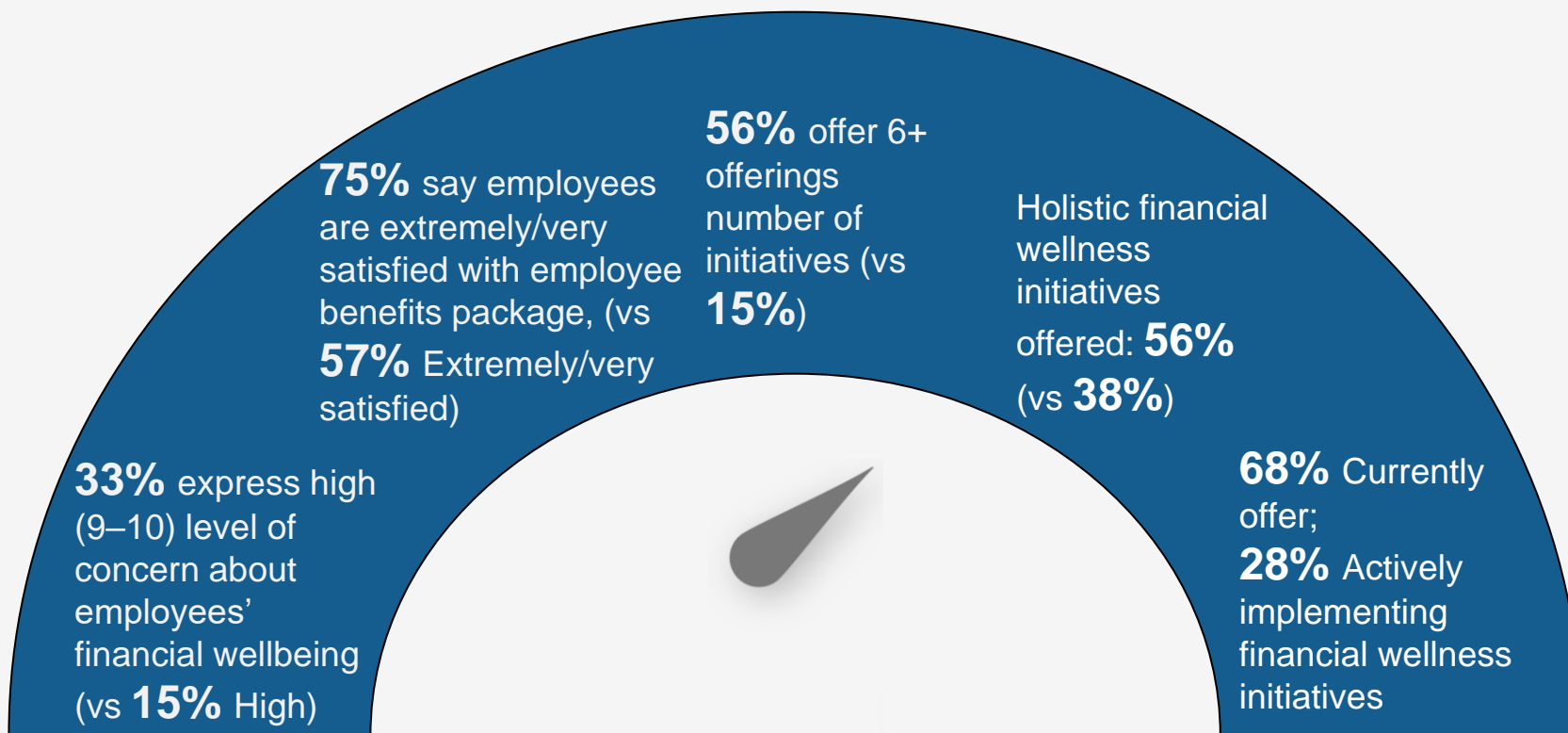
# TOP FACTORS IN MEASURING SUCCESS BY INDUSTRY

What are the top 3 factors that are or will be important in the measurement of your financial wellness initiatives?



# PROFILE OF FIRMS WHO HAVE CREATED A FINANCIAL WELL-BEING SCORE VS THOSE THAT HAVE NOT

**Firms with a scorecard: 23%**  
**(vs Firms without)**



(Vs **51%** Currently offer  
**11%** Actively implementing)



# CONCLUSIONS

- Reasons for offering financial wellness initiatives are split between altruistic and bottom line-oriented, with some industries more focused on one over the other.
- When retirement preparedness is a top issue, use of existing benefits is a key reason for offering financial wellness; when it is not, improved employee retention is more of a reason.
- Success measures do not always align with reasons for offering financial wellness initiatives.
- Some employers are becoming very sophisticated in measuring success of their financial wellness initiatives—but they remain in the minority.

# Employer Approaches to Financial Wellbeing Solutions

**Julie Stich, CEBS**

Vice President, Content

International Foundation of Employee  
Benefit Plans

The opinions expressed in this presentation are those of the speaker. The International Foundation disclaims responsibility for views expressed and statements made by the program speakers.

# Mission

The International Foundation of Employee Benefit Plans is a nonprofit organization, dedicated to providing the diverse employee benefits community with objective, solution-oriented education, research and information.



# Survey Background

- *Financial Education for Today's Workforce: 2018 Survey Results*
  - Biennial employer survey since 2014
  - Most recent: deployed April 2018, released July 2018
  - 448 completed responses from member corporations, public employers and multiemployer trust funds of all sizes (very small to jumbo) in the U.S. and Canada



# Common Financial Challenges



70%

credit cards  
and other  
debt



61%

trouble  
saving for  
retirement



55%

saving/paying for  
children's education  
expenses



48%

covering  
basic living  
expenses



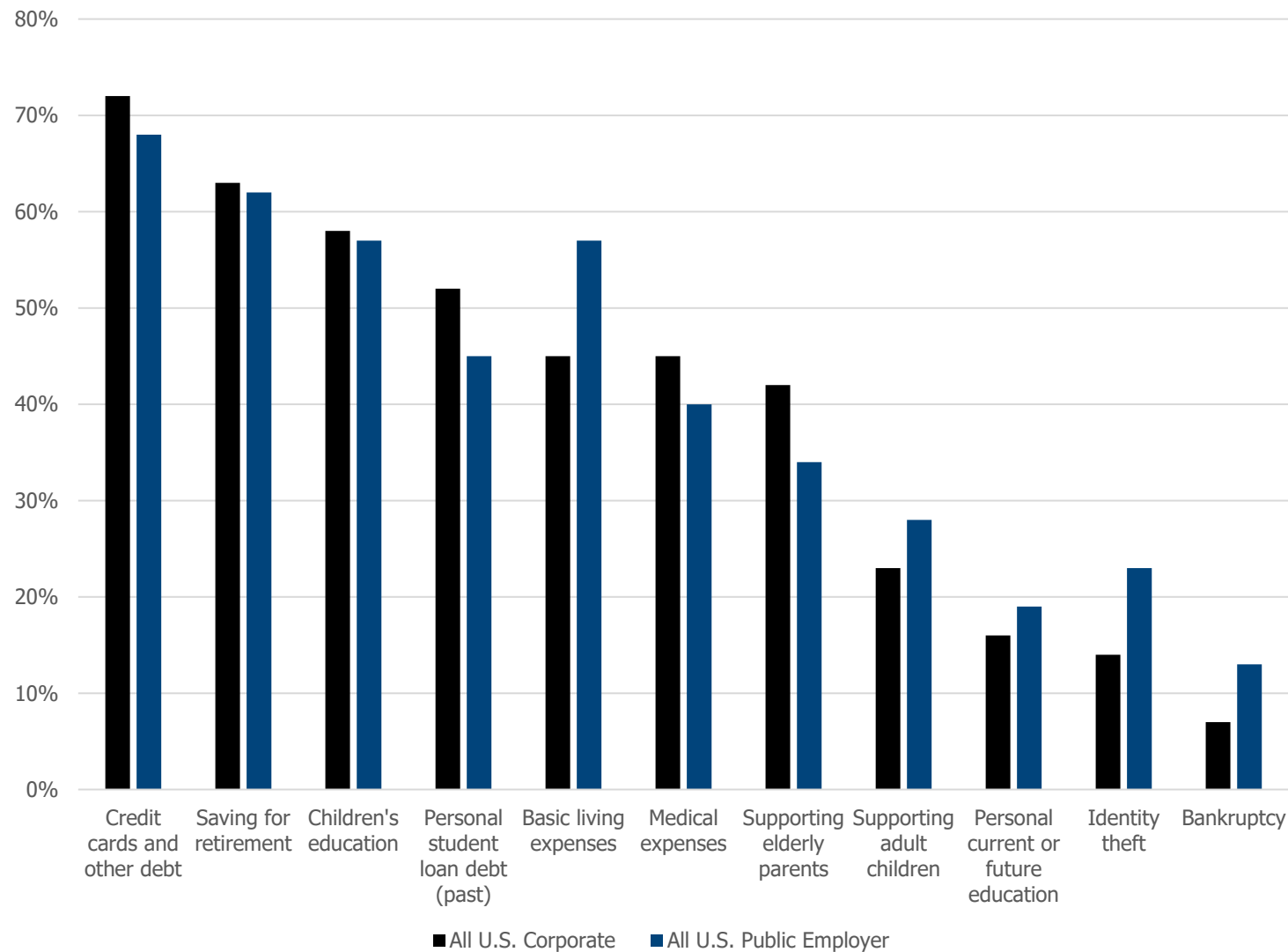
39%

paying  
medical  
expenses

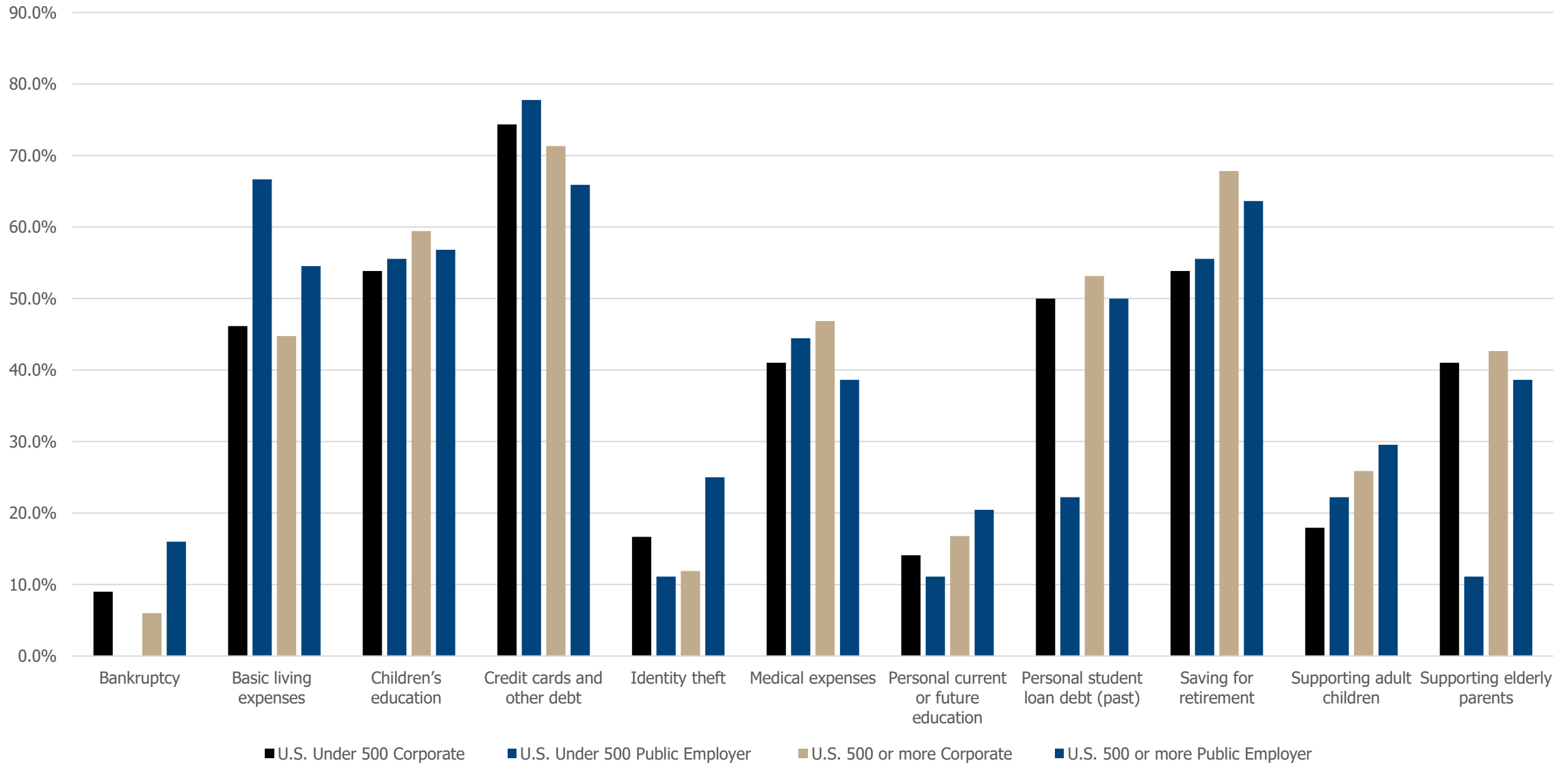


39%

supporting  
elderly  
parents



# Common Financial Challenges by Sector and Size



# Primary Goals for Providing Financial Education (Top 3)

## Primary Goals for Providing Financial Education

53%

increasing participants' ability to manage their money

44%

improving understanding of current benefits

36%

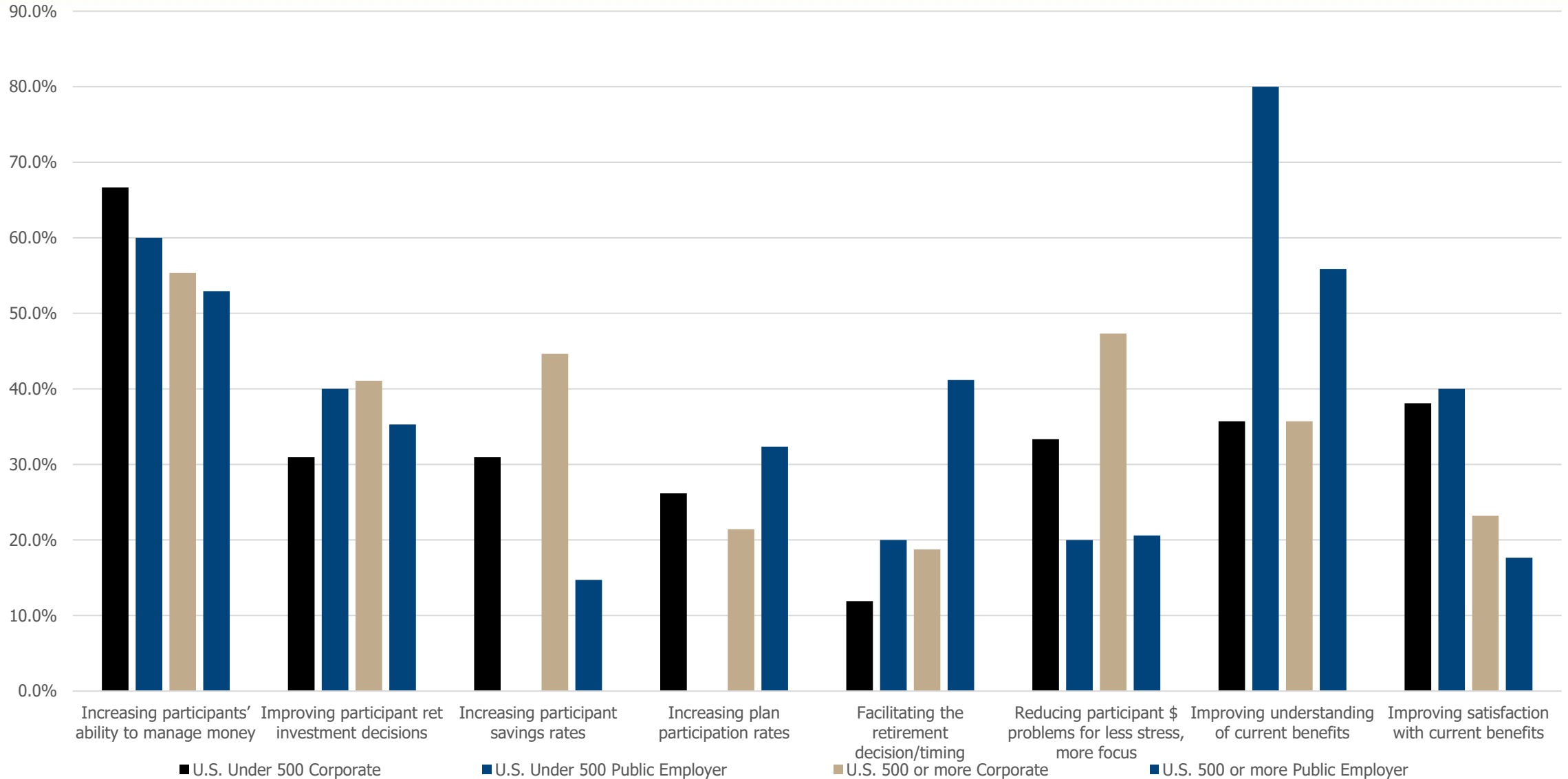
improving asset allocation/investment decisions

## Primary Goals for Providing Financial Education\*

	CP (n=154)	PE (n=39)
Increasing our participants'/employees' ability to manage their money	58.4%	53.8%
Improving understanding of current benefits	35.7%	59.0%
Improving participant/employee retirement asset allocation/investment decisions	38.3%	35.9%
Reducing participant/employee money problems so they have less stress and are more focused on their jobs	43.5%	20.5%
Increasing participant/employee savings rates	40.9%	12.8%
Improving satisfaction/appreciation of current benefits	27.3%	20.5%
Increasing plan participation rates	22.7%	28.2%
Facilitating the retirement decision/timing	16.9%	38.5%

\*Respondents were asked to select up to three options. Only respondents that offer some type of financial education were asked this question.

# Primary Goals for Providing Financial Education by Sector and Size (Top 3)





# Factors Tracked to Measure Success

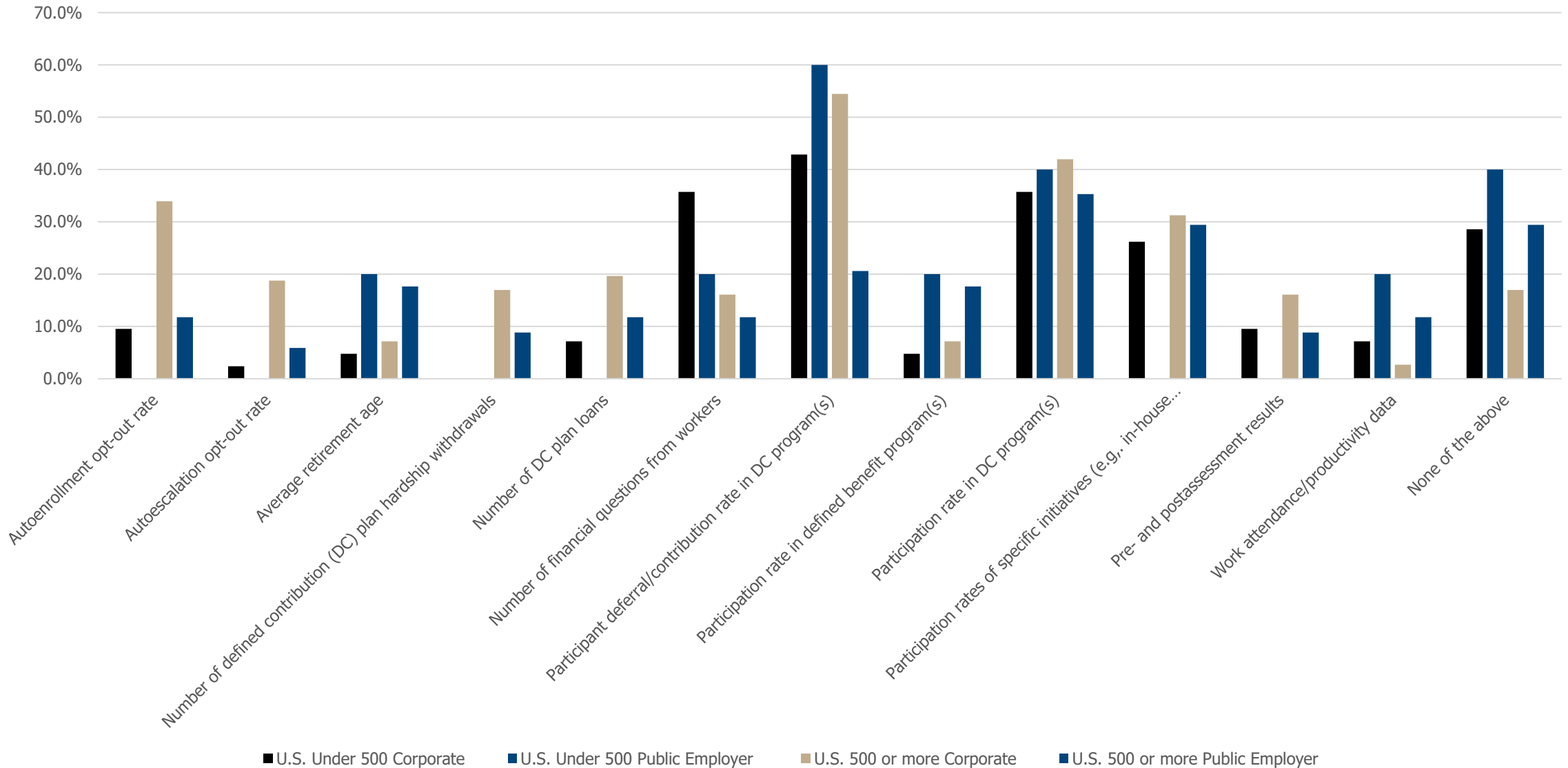


## Factors Tracked to Measure Program/Initiative Success\*

	Total (n=231)	CP (n=154)	PE (n=39)
Participant deferral/contribution rate in DC program(s)	41.6%	51.3%	25.6%
Participation rate in DC program(s)	35.1%	40.3%	35.9%
Participation rates of specific initiatives (e.g., in-house seminars/programs)	26.4%	29.9%	25.6%
Autoenrollment opt-out rate	20.8%	27.3%	10.3%
Number of financial questions from workers	18.6%	21.4%	12.8%
Number of DC plan loans	13.4%	16.2%	10.3%
Pre- and postassessment results	13.4%	14.3%	7.7%
Autoescalation opt-out rate	10.8%	14.3%	5.1%
Number of defined contribution (DC) plan hardship withdrawals	10.8%	12.3%	7.7%
Average retirement age	9.5%	6.5%	17.9%
Participation rate in defined benefit program(s)	9.1%	6.5%	17.9%
Work attendance/productivity data	6.9%	3.9%	12.8%
Other	2.2%	3.2%	0.0%
None of the above	27.3%	20.1%	30.8%

\*Respondents were asked to select all that apply.

# Factors Tracked to Measure Success by Sector and Size



# Biggest Obstacles in Providing Financial Education (Top 3)

## TOP 3 Obstacles

in Providing Financial Education

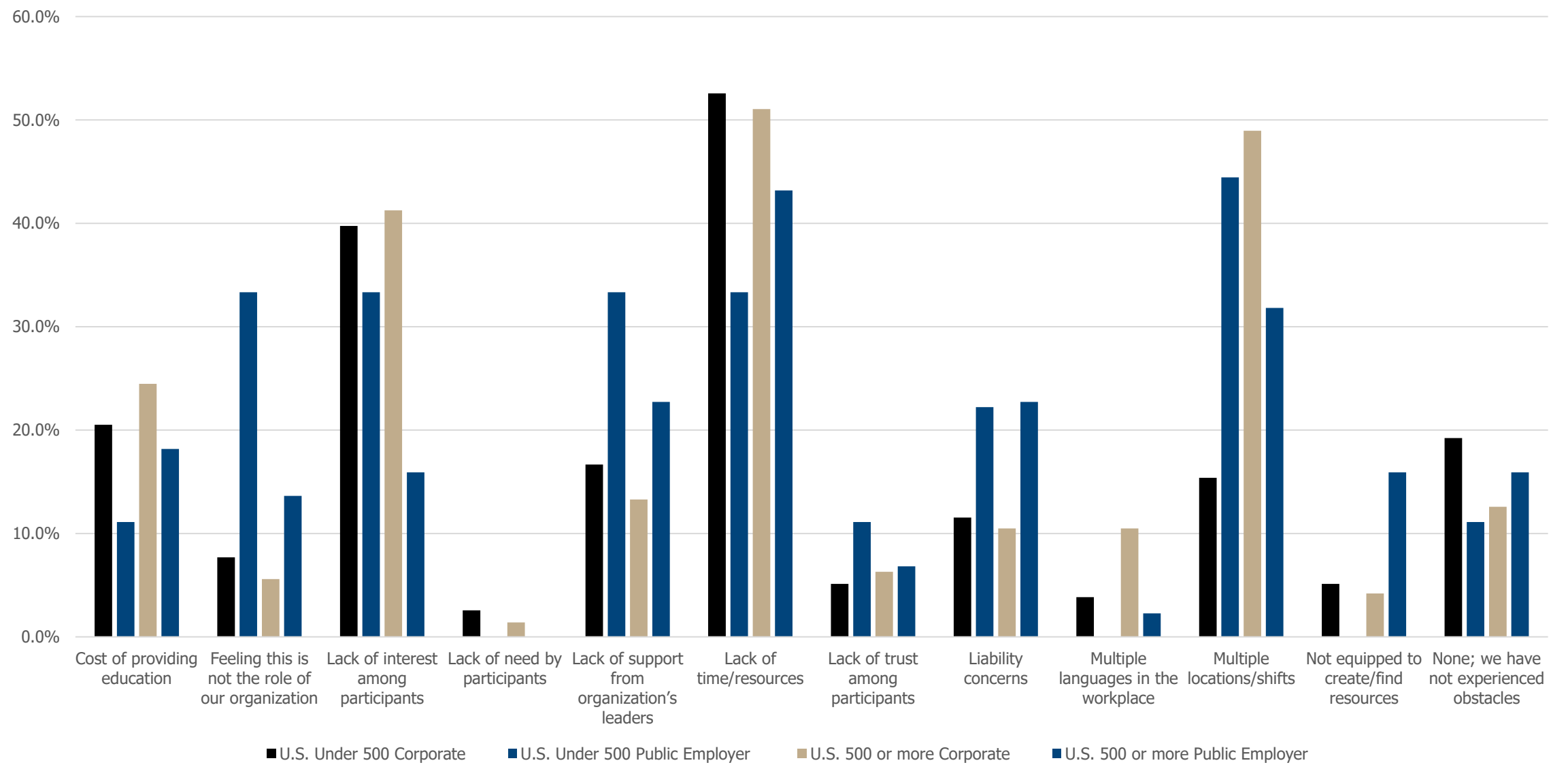
1. Lack of time or resources
2. Lack of interest among participants
3. A workforce with multiple locations or shifts.

### Biggest Obstacles in Providing Financial Education\*

	CP (n=221)	PE (n=53)
Lack of time/resources	51.6%	41.5%
Lack of interest among participants	40.7%	18.9%
Multiple locations/shifts	37.1%	34.0%
Cost of providing education	23.1%	17.0%
Lack of support from organization leaders	14.5%	24.5%
Liability concerns	10.9%	22.6%
Feeling this is not the role of our organization	6.3%	17.0%
Multiple languages in the workplace	8.1%	1.9%
Lack of trust among participants	5.9%	7.5%
Not equipped to create or find financial education resources	4.5%	13.2%
Lack of need by participants	1.8%	0.0%
Other	0.5%	0.0%
None	14.9%	15.1%

\*Respondents were asked to select up to three options.

# Biggest Obstacles in Providing Financial Education by Sector and Size (Top 3)



# Budgets



About **One in four** responding organizations currently has a budget for financial education.

.....



An additional **20%** are considering adding one. More than one-half of respondents with budgets plan to increase their budgets in the next two years.

# Education Offered

The most common topics addressed in financial education



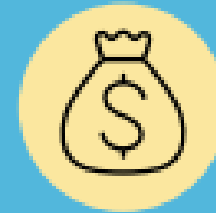
54%

Preretirement  
financial  
planning



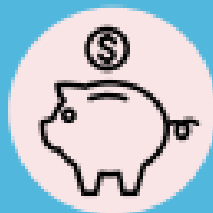
42%

Investment  
management and  
asset allocation



68%

Retirement  
plan benefits



46%

Budgeting



37%

Retiree  
health care

# Education Offered by Sector

Corporations	Public Employers
1. Retirement plan benefits	1. Retirement plan benefits
2. Preretirement financial planning	2. Retiree health care
3. Budgeting	3. Preretirement financial planning
4. Investment management and asset allocation	4. Retirement plan distributions/decumulation
5. Debt management	5. Insurance



# Delivery Methods

## TOP 5 common

### Most Common Education Methods

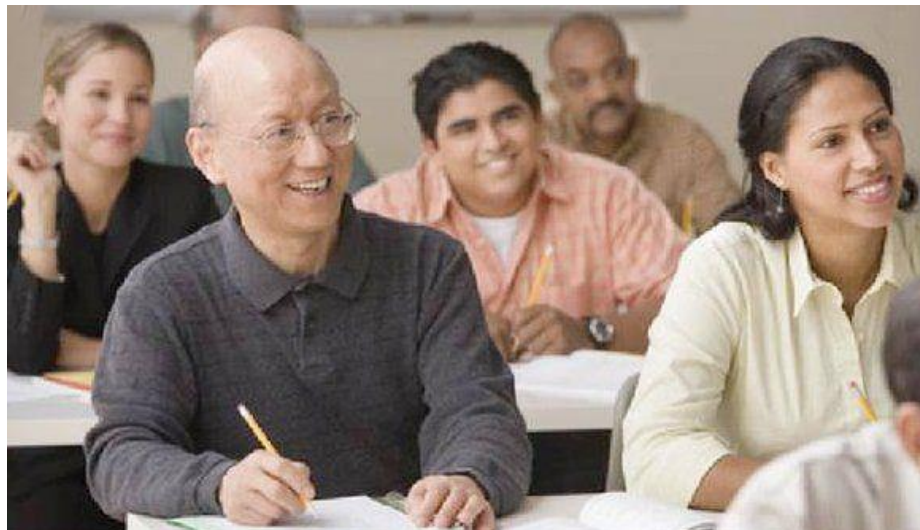
1. Voluntary classes and workshops
2. Free personal consultation services
3. Retirement income calculators
4. Internet links to informational sites
5. Projected account balance statements and/or pension benefit statements.



## TOP 5 effective

### Most Effective Education Methods

1. Free personal consultation services
2. Voluntary classes/workshops
3. Projected account balance statements and/or pension benefit statements
4. New-hire/participant orientation
5. Retirement income calculators





# Highlights – Canadian Programs

- Participant challenges tracked U.S., except medical expenses ranked lower
- Obstacles tracked U.S. results
- CDN respondents more likely than U.S. to offer a defined benefit (DB) pension plan alone or with a DC plan, especially corporate.
  - Program goals focused on the retirement decision, and on understanding and appreciating current benefits
  - Success factors were non-DB/DC focused. Top factors were event participation, financial questions received, pre-and post-education assessments and average retirement age



# Tips for a Successful Program

- Make financial education a commitment and be patient
- Know your employee population
- Diversify topics and formats
- Customize and personalize education
- Increase accessibility and inclusion

# Key Takeaways

- Saving for retirement is a top financial challenge, other top challenges are more immediate
- Program goals focus on improving employees' understanding of and decisions about their benefits
- Top obstacles involve lack of resources, time or interest; administrative challenges of multiple locations or shifts
- Presence of a DB or DC plan, or both, is reflective in program goals, education offered and success measures

*charles*  
SCHWAB

# 401(k) Participant Survey: 2019

October, 2019

*Own your tomorrow<sup>®</sup>*

A photograph of a man and a woman walking hand-in-hand on a sandy beach. They are silhouetted against a bright, hazy sunset sky. The man is on the left, wearing a striped shirt and dark pants. The woman is on the right, wearing a dark jacket and jeans. In the background, there are some rocky formations and a calm sea.

# Study Scope and Method

<b>What</b>	<ul style="list-style-type: none"><li>• This study of 401(k) participants is an online study conducted for Schwab Retirement Plan Services, Inc. by Logica Research</li><li>• Logica Research is neither affiliated with, nor employed by, Schwab Retirement Plan Services, Inc.</li><li>• The sampling error is +/- 3 percentage points at the 95% confidence level</li></ul>
<b>When</b>	<ul style="list-style-type: none"><li>• The study was conducted online from March 19<sup>th</sup> through March 29<sup>th</sup>, 2019</li></ul>
<b>Who</b>	<ul style="list-style-type: none"><li>• 1,000 401(k) participants who meet the following criteria:<ul style="list-style-type: none"><li>• Ages 25-70</li><li>• Work for companies with 25+ employees that have 401(k) plans</li><li>• Currently contribute to their companies' 401(k) plans</li></ul></li></ul>

# Study Highlights

1.

**The 401(k) is still a large source of retirement savings.** More than half (58%) say it is their only or largest source of retirement savings.

2.

**Although participants' outlook on retirement is positive, saving enough for a comfortable retirement is the top financial stressor.** Many believe their quality of life will be better in retirement than the previous (68%) and next generations (67%), but saving enough for a comfortable retirement is still their top source of financial stress (38%).

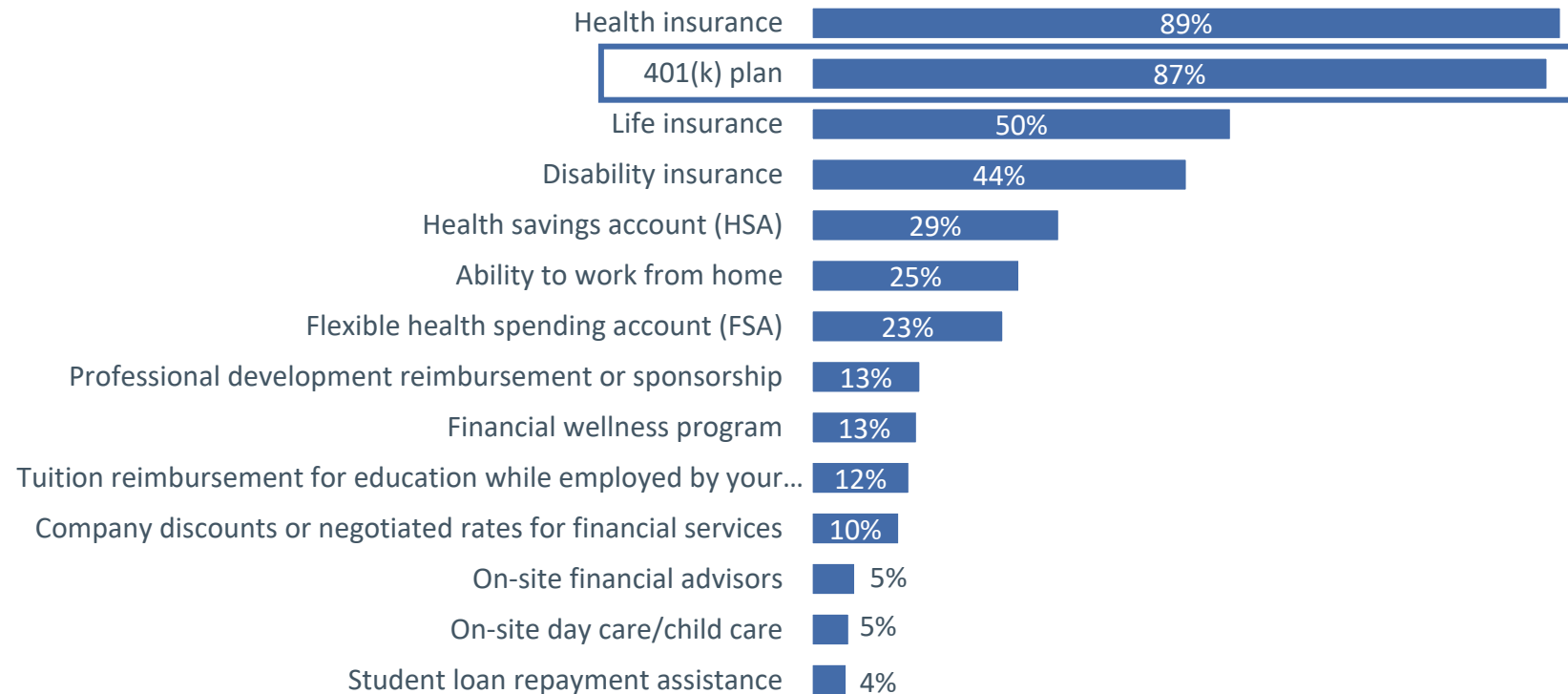
3.

**Advice from a financial professional** boosts participants' confidence in making investment decisions. Having help from a financial professional increases participants' confidence in making the right 401(k) investment decisions (19% higher than on own). And, they are much more likely to follow a recommendation from a human versus a computer (49% vs. 18%).

4.

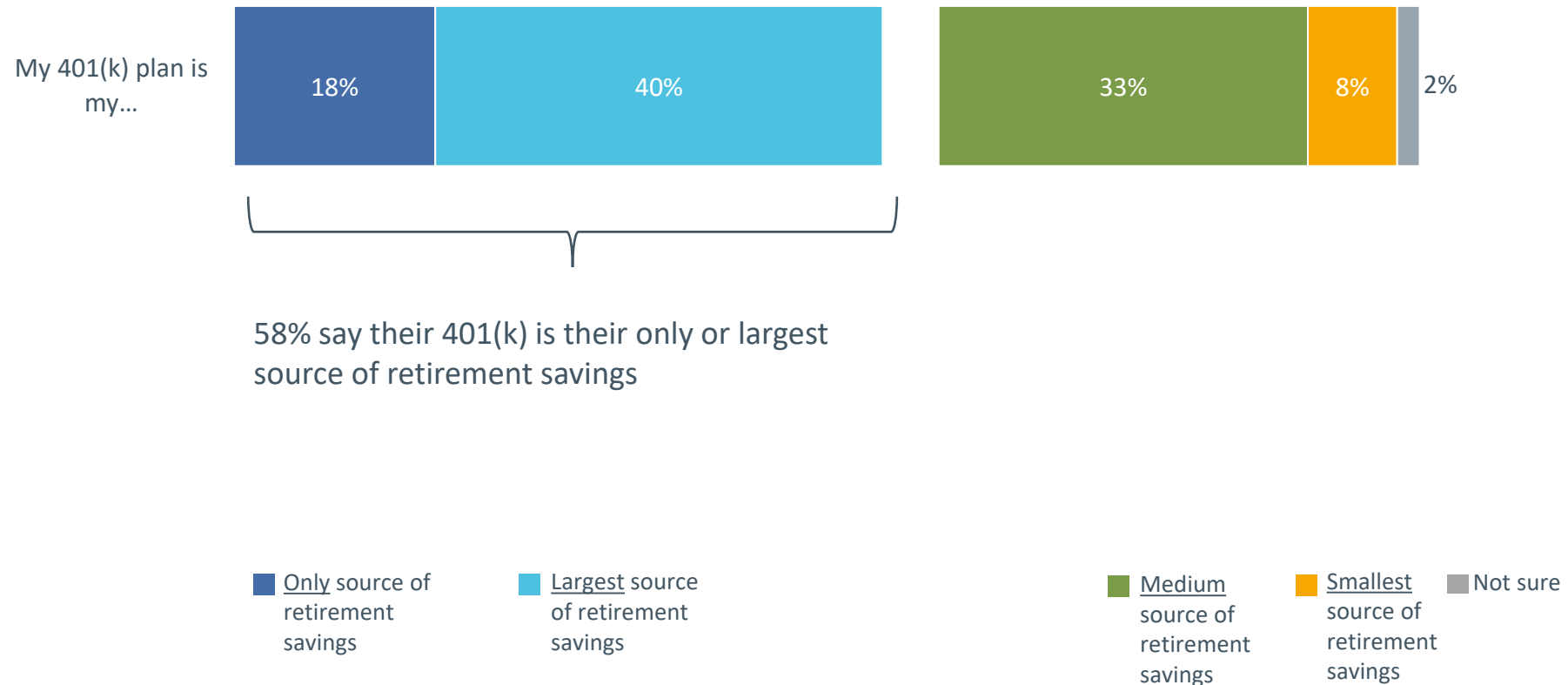
**Retirement calculators make participants feel confident.** Participants who use a retirement calculator are more likely to say they are very confident in their ability to make the right 401(k) investment choices on their own (31% vs. 19% who didn't use one).

# 401(k) plans are a “must-have” benefit for those seeking a new job



Q: If you were looking for a new job, which benefits or work options would you see as “must-haves”? (Base: Total 401(k) Participants = 1,000)

# Nearly six in ten say their 401(k) is their only or largest source of retirement savings

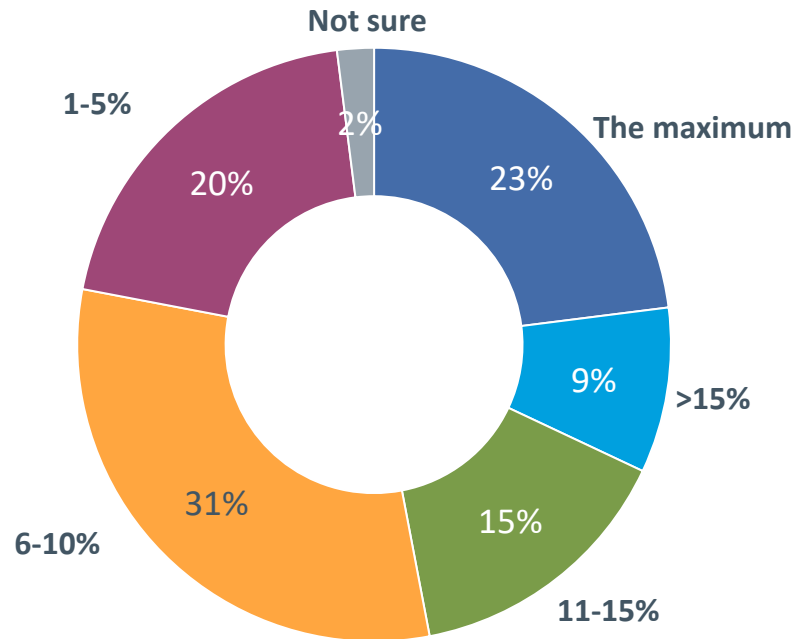


Q: How would you complete this sentence? My 401(k) plan is my... (Base: Total 401(k) Participants = 1,000)



# Half of participants are contributing 10% or less of their salary to their 401(k)

Percent of 2018 income contributed to 401(k)



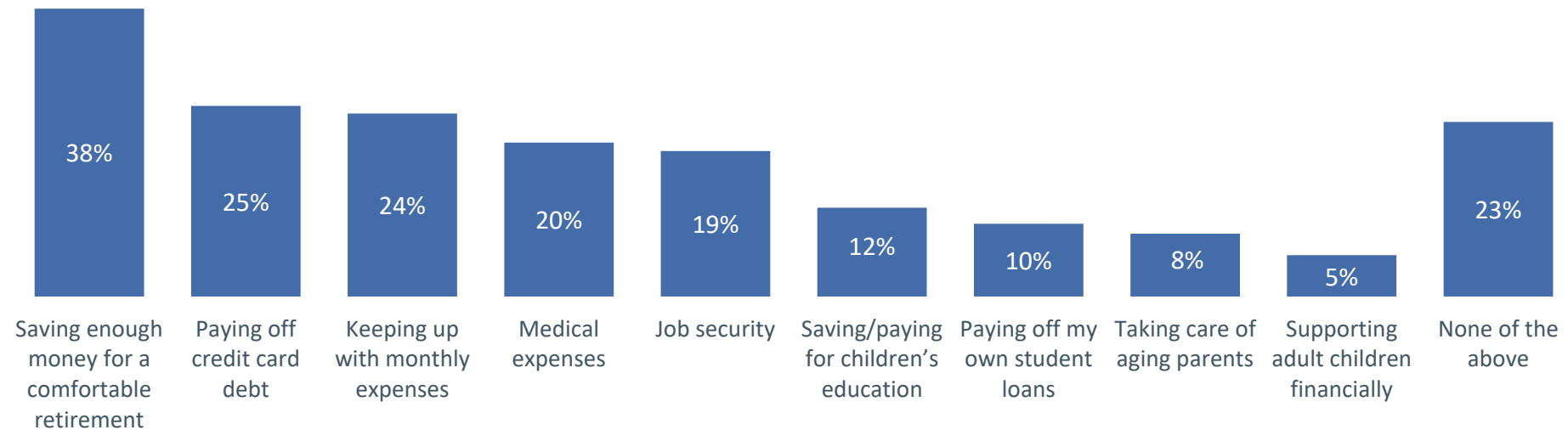
Average 2018 dollars contributed to 401(k)

\$8,788

Q: In 2018, approximately how much did you contribute to your 401(k)? (Base: Total 401(k) Participants=1,000)

Q: In 2018, approximately how much did you contribute to your 401(k) in terms of dollars? Do not include any contributions from your employer, like matches or profit sharing. (Base: Total 401(k) Participants=1,000)

# Saving enough for a comfortable retirement is participants' top source of financial stress



Q: Which of the following would you say are a significant source of stress in your life today, if any? (Base: Total 401(k) Participants = 1,000)

# The majority of participants are likely to seek information online, including webinars, and/or help from an advisor

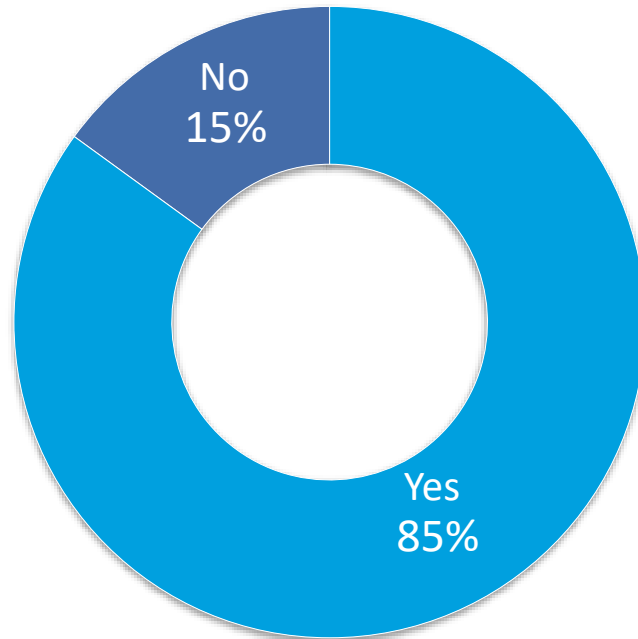
Likelihood to use financial wellness programs/tools  
Total



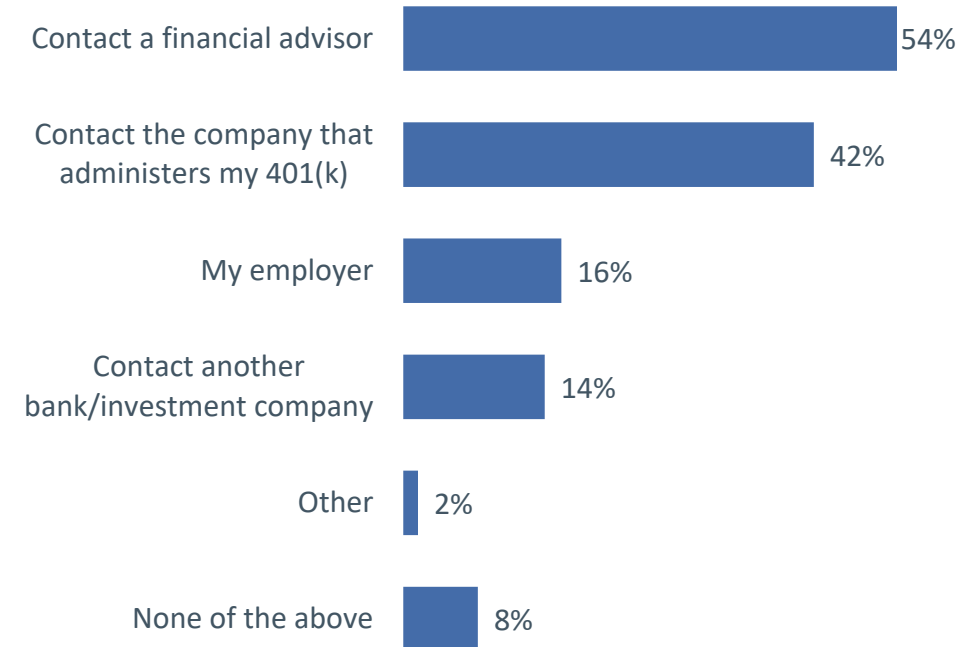
Q: How likely would you be to use the following financial wellness tools or programs, if offered to you by your employer? (Base: Total 401(k) Participants = 1,000)

# Most participants are comfortable asking for advice; they would contact a financial advisor or the company that administers their 401(k)

Comfortable asking for financial advice  
Total



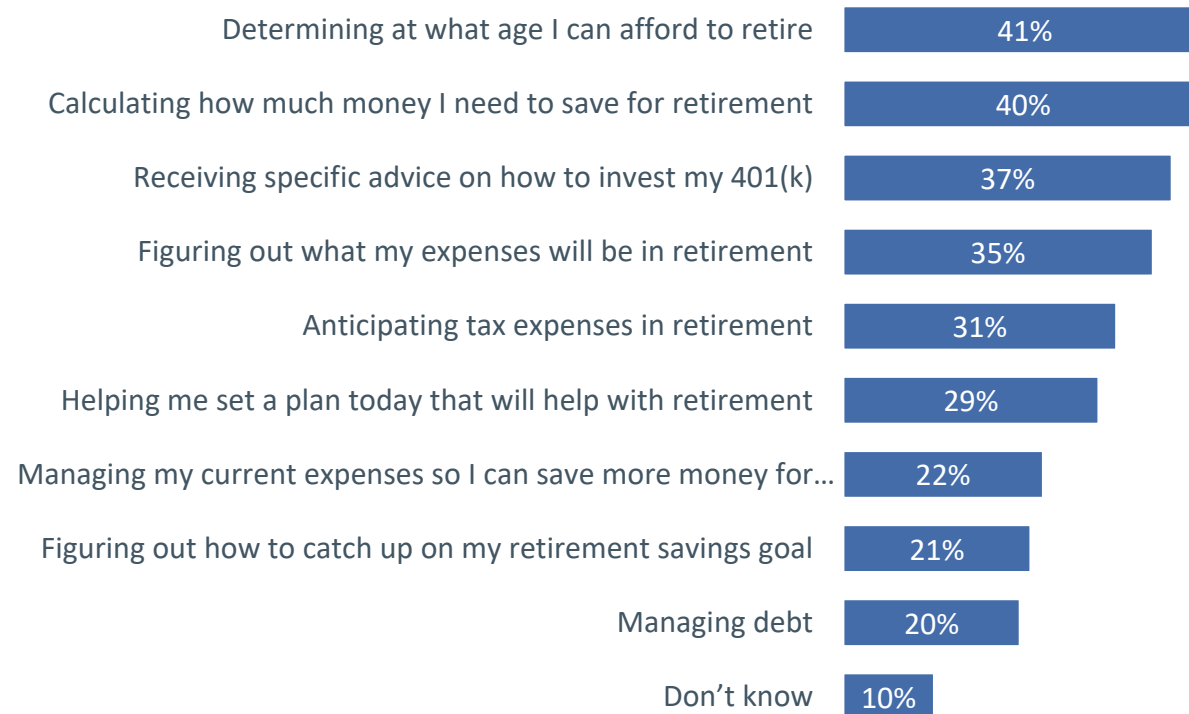
Sources for financial advice  
Total



Q: Would you be comfortable receiving financial advice? (Base: Total 401(k) Participants=1,000)

Q: If you wanted to get financial help planning for retirement from a professional, where would you go? (Base: Total 401(k) Participants=1,000)

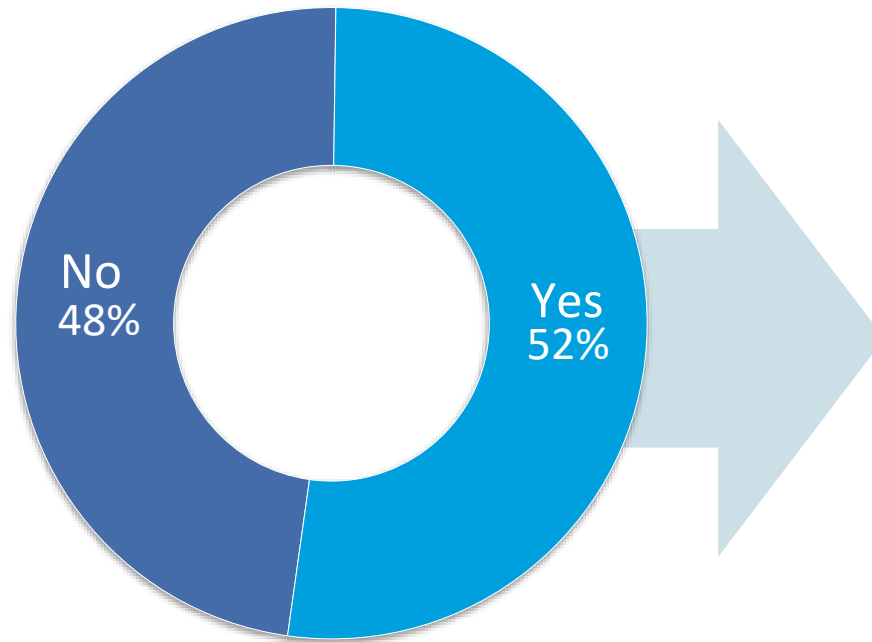
# Participants want help setting specific retirement targets



Q: If you could get help with retirement planning, what would you like help with? (Base: Total 401(k) Participants = 1,000)

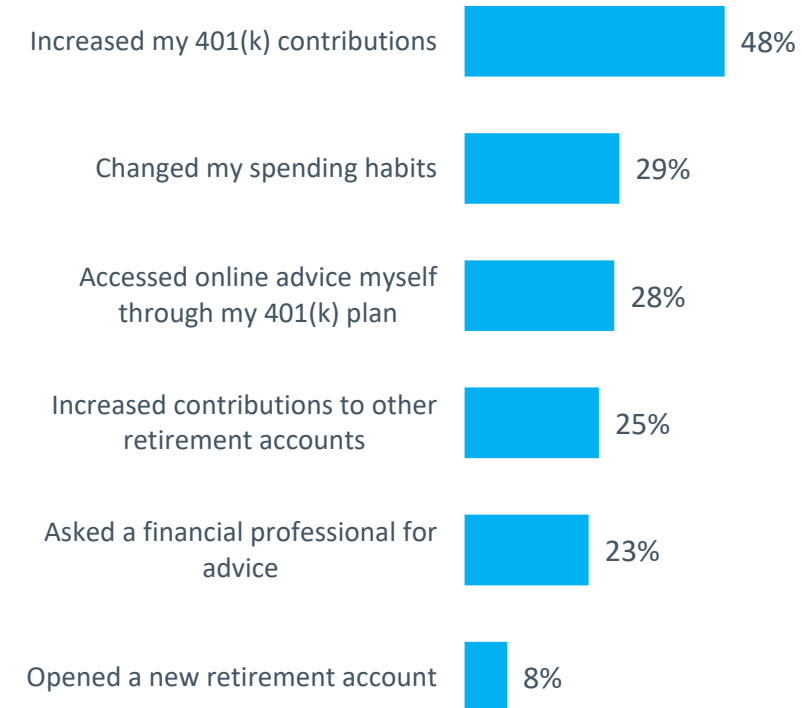
# Half of participants have used an online retirement calculator, and most of those took positive actions related to their finances as a result

Have used a retirement calculator



Steps taken after using a retirement calculator

61% of those who have used an online calculator have taken one or more actions



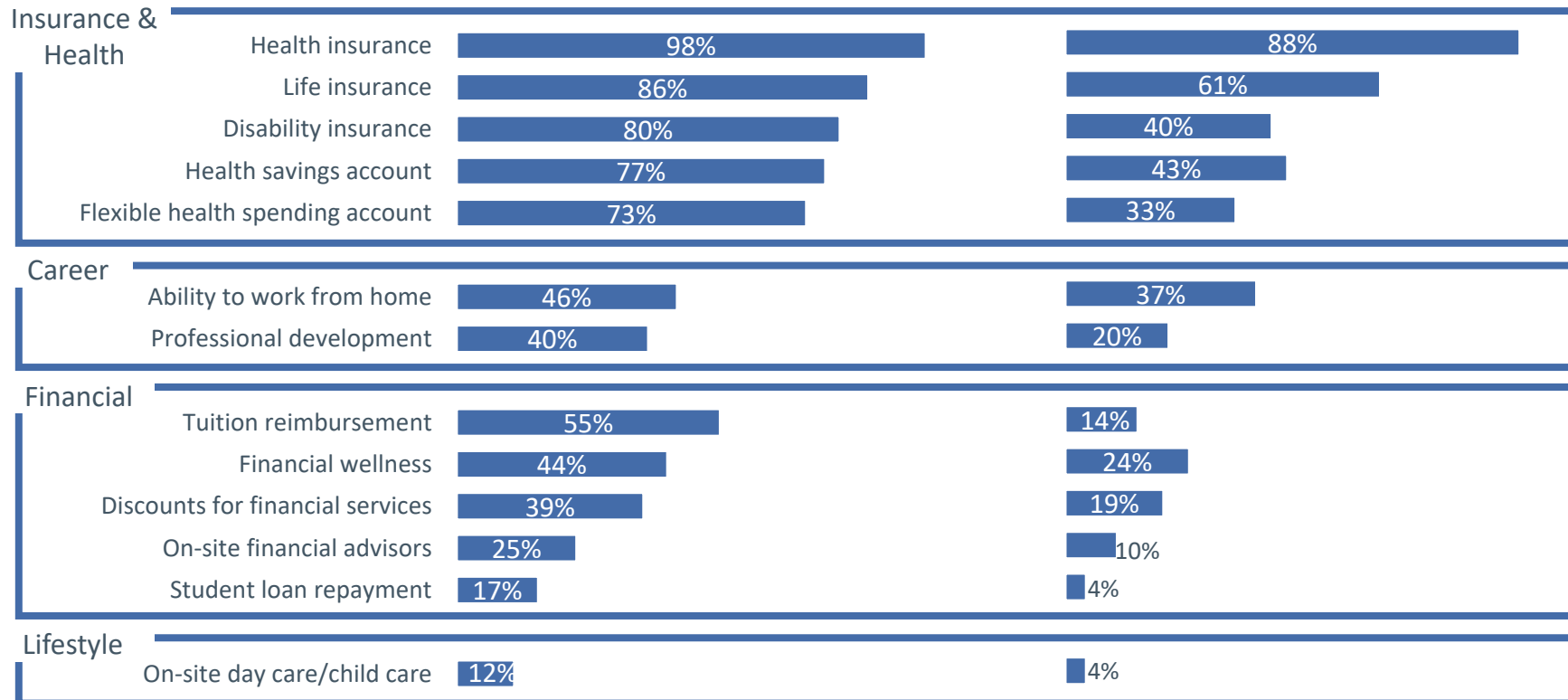
Q: Have you ever used an online retirement calculator? (Base: Total 401(k) Participants = 1,000)

Q: Which of the following steps have you taken after using a retirement calculator? (Base: Used online calculator and have taken action = 318)

# More than three quarters of participants are offered HSAs

## Benefits offered by employer

## Use of benefits offered

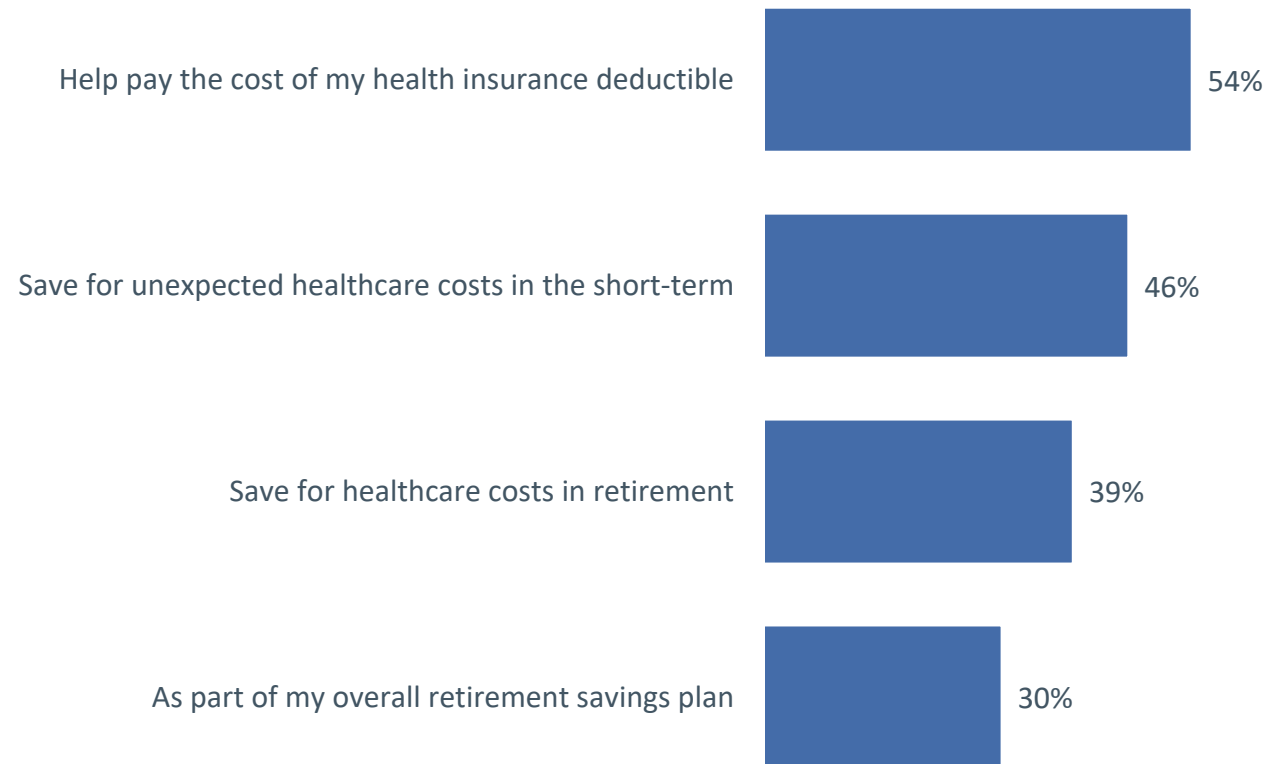


Q: Which of the benefits listed below are offered by your employer, and if offered, have you used? (Base: Those that have benefit offered = varies)

# More than two in five participants with an HSA are using it to save for retirement

## Ways HSAs are utilized

Use HSA

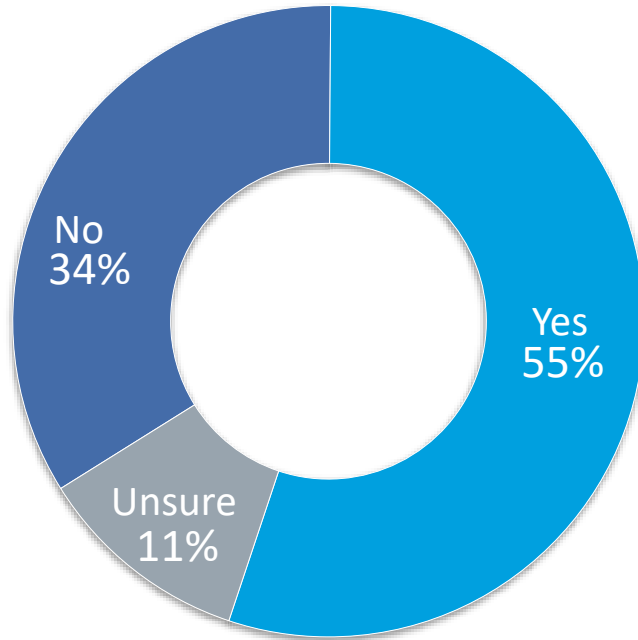


Q: In which of the following ways, if any, do you currently utilize your Health Savings Account (HSA)? (Base: Use HSA=389)

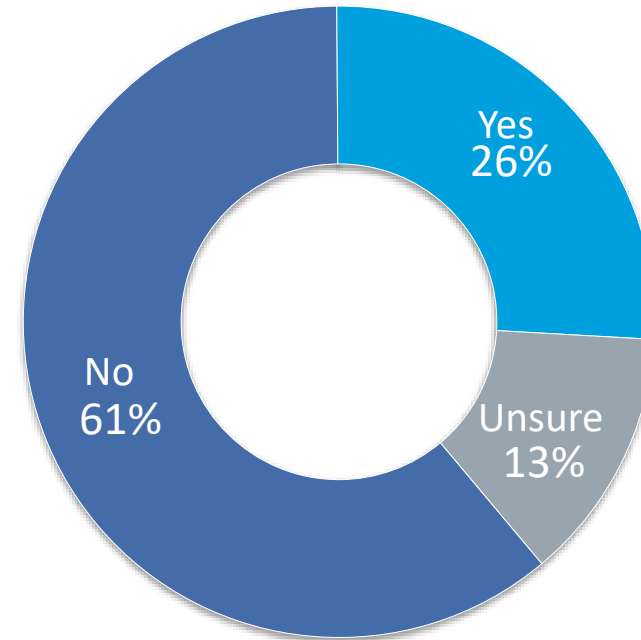


# A quarter of participants using HSAs have investments in their account

Know that HSA funds can be invested  
Use HSA



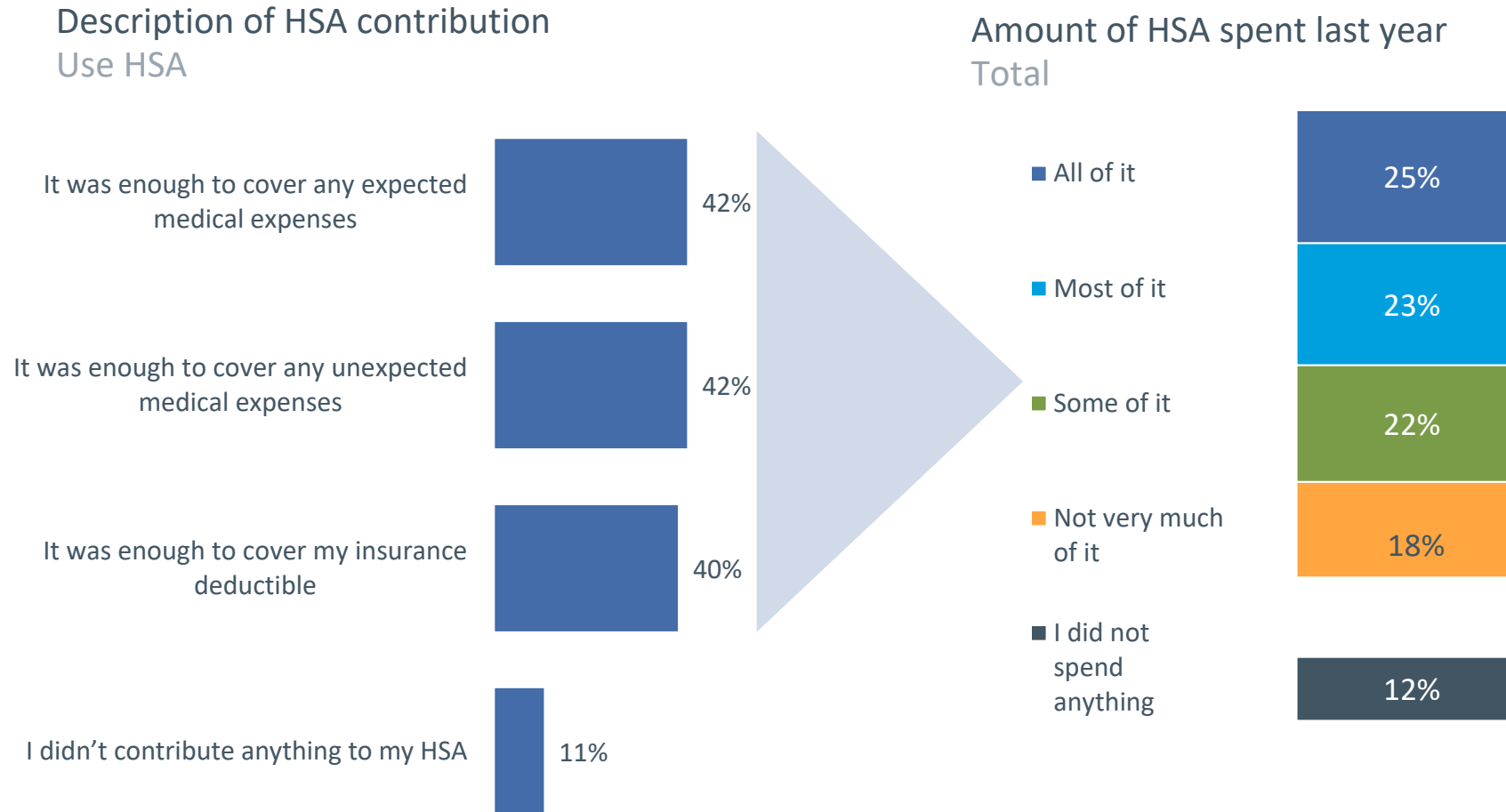
Have investments in their HSA  
Use HSA



Q: Did you know that you are able to invest funds that are saved in an HSA? (Base: Use HSA=389)

Q: Is any part of your HSA invested in mutual funds or other types of investments (other than cash)? (Base: Use HSA=389)

# Contributions to HSAs typically are enough to cover medical-related expenses



Q: Which of the following describe the amount of money you contributed toward your HSA last year, if anything? (Base: Use HSA=389)  
 Q: Which of the following best describes how much of your HSA you spent last year? (Base: Contributed to HSA=348)

Thank  
You

*charles*  
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# Q&A



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