



# Strategies to help county employees build financial resiliency and why it matters

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A NACo corporate premier partner



# Today's presenters



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# Agenda

- 01 Why prioritize financial wellbeing now – employee financial stress and why it matters**
- 02 What the data tells us**
- 03 Your insights (poll input)**
- 04 Sample solutions**
- 05 Questions**

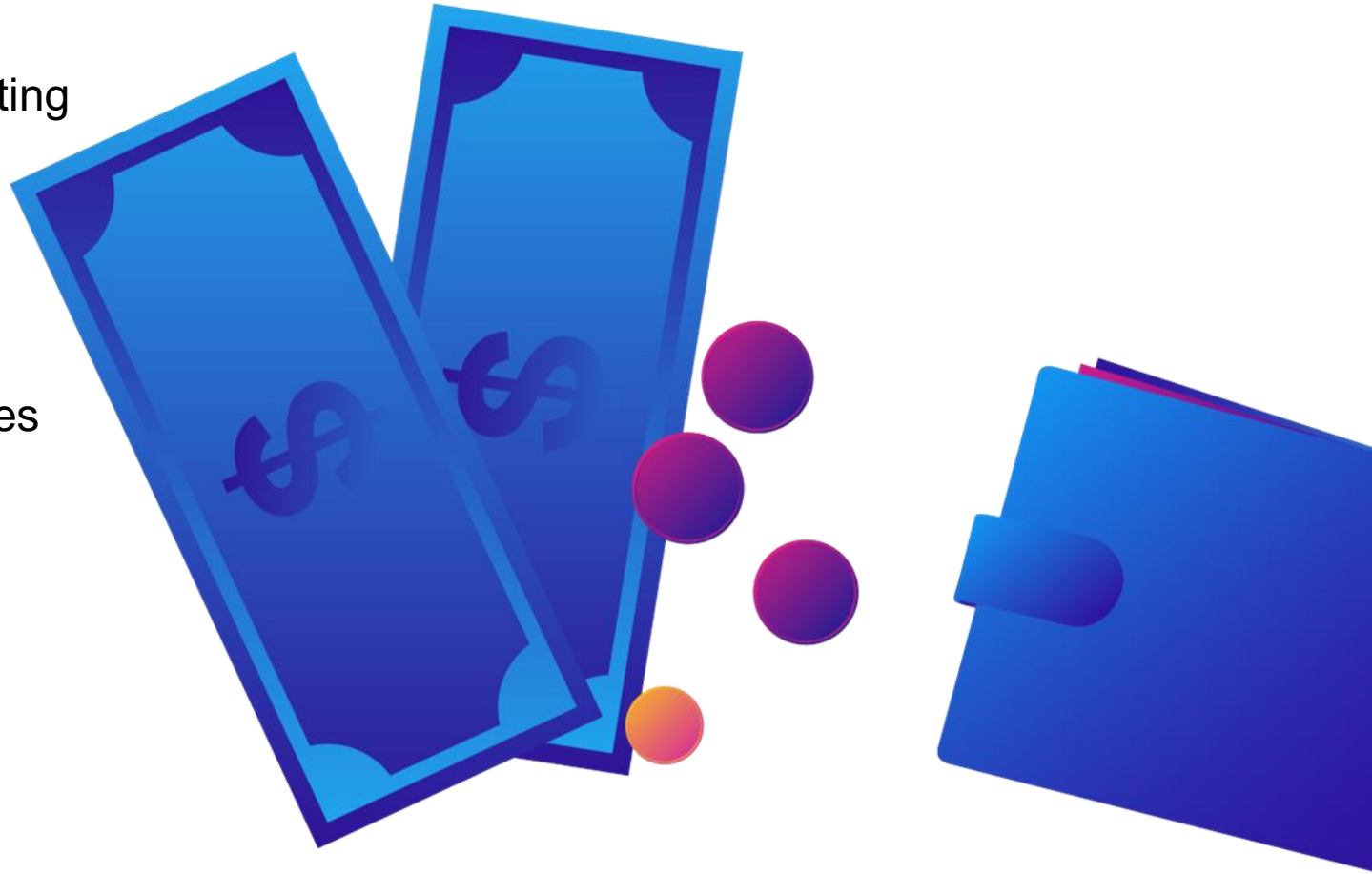
# The disappearing paycheck = turning to better benefits

## Everything is costing more:

- Highest inflation in **40 years** – and it's impacting mental health for **over half** of workers polled
- Highest interest rates in **28 years**
- But **pay can't fix it** – wage growth is unsustainable for competitiveness
- **Impacts** – productivity distractions, challenges in attraction and retention

## Per surveys and economists:

- Employers are creatively turning to benefit **solutions** rather than further wage hikes
- **Benefits** mentions in job postings “soared to the highest rates on record”\*



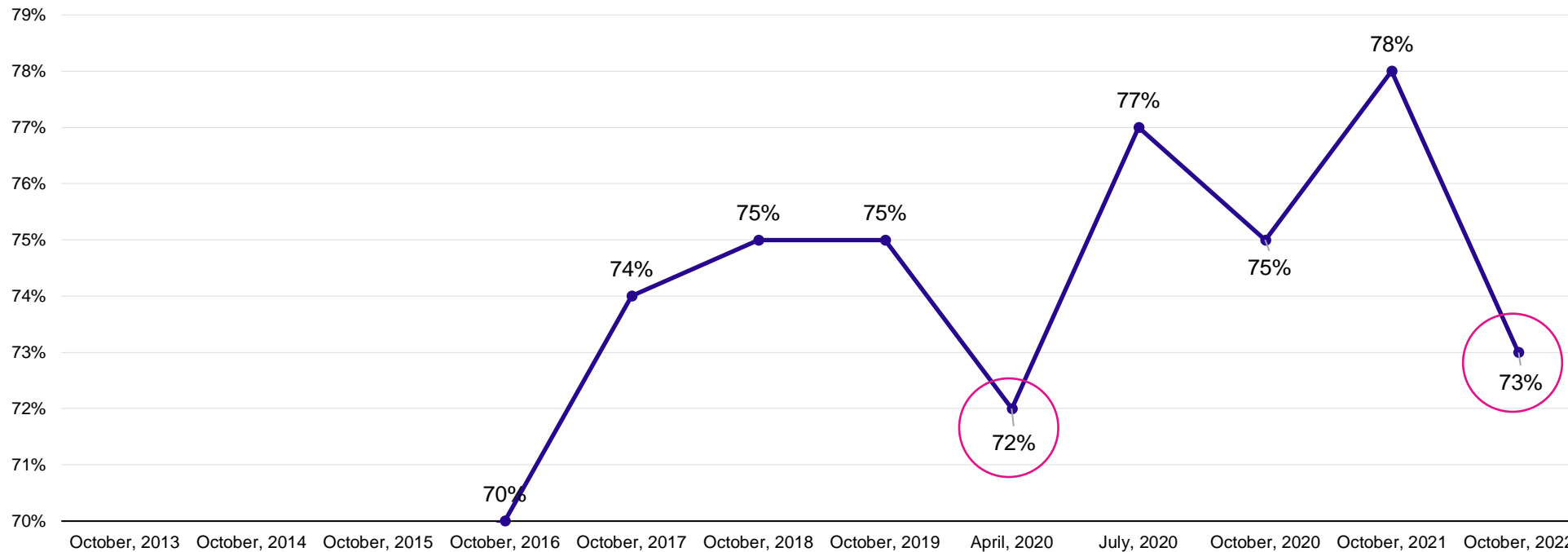
\*ZipRecruiter, May 11, 2023.

# A decline in financial wellbeing

Overall financial wellbeing declined markedly over the prior year.

73% were doing at least okay financially in 2022, down 5 percentage points from 2021.

## At least doing okay financially (by year)



# There's no **total** wellbeing without **financial** wellbeing

- Paycheck-to-paycheck-challenged employees have no safety net for setbacks like job loss, medical bills, car breakdowns, and more
- Correlates to social determinants, diversity, and equity
  - Greater impacts on underrepresented employees, including women, people of color, and workers under age 25
  - Millennials and Gen Z most financially stressed
- Solutions need to avoid robbing one's future – low to middle income are most likely to dip into their employer savings plan
  - Stretch paychecks today while supporting long-term security
  - Begin with financial literacy education but support with tools

82%

say FWB **reduces**  
financial stress

78%

are more likely to **stay**  
in their job

70%

say it "makes them  
**more productive**"

\$413

**per year increase** in  
healthcare costs per financially  
stressed employee

30%

**worry 1-2 hours** a day  
about money. Stress affects  
productivity and safety.

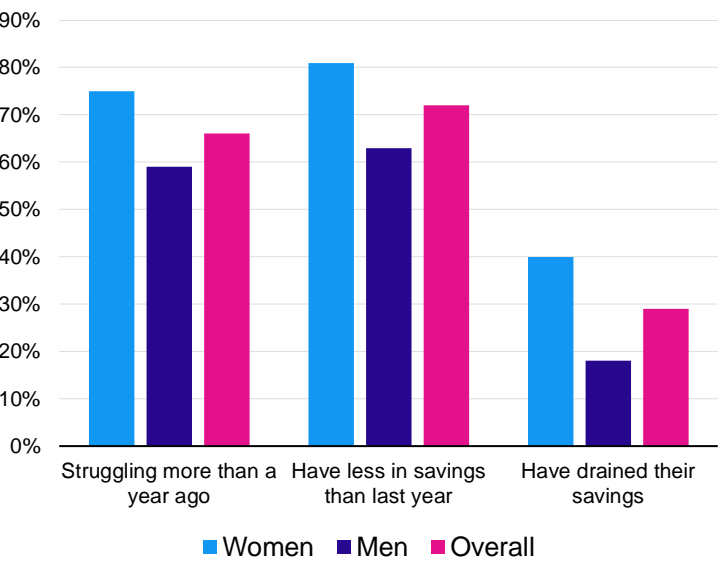
3 in 10

say their employer offers  
a wellness program;  
**41%** are unsure

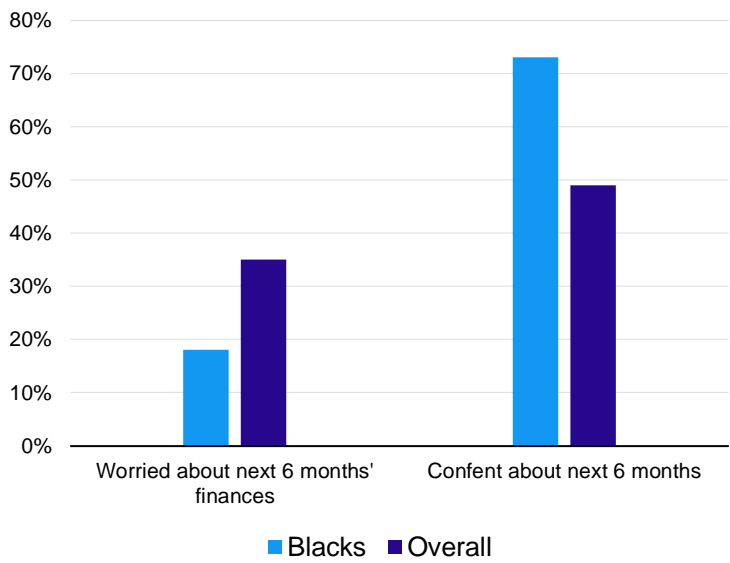
John Hancock: Retirement, stress, finances and well-being report, 2023.

# Financial wellbeing is a DE&I issue

## Impact of economic pressures



## Financial resilience



- Pain across all ages, genders, or pay
- Worst for women and Hispanic groups
- Most say financial worries are undermining mental health

## Additional DE&I considerations

**80%** of employees are in debt trouble **vs.** **65%** in 2021 (EBRI)

**20%** of Black Americans **vs.** **5%** of whites have a credit score < 620

Structural racism affects intergenerational wealth (Nerd Wallet)

**1/2** of women **vs.** **1/3** of men can't afford a **\$400** emergency expense

Historical pay equity issues affect financial resilience (Blackrock)

Salary Finance survey of 500 employees, Breaking Down the Cost-of-Living Squeeze, Nov. 2022.

# Poll #1

What financial stressors are you seeing?

**Mark all that apply.**

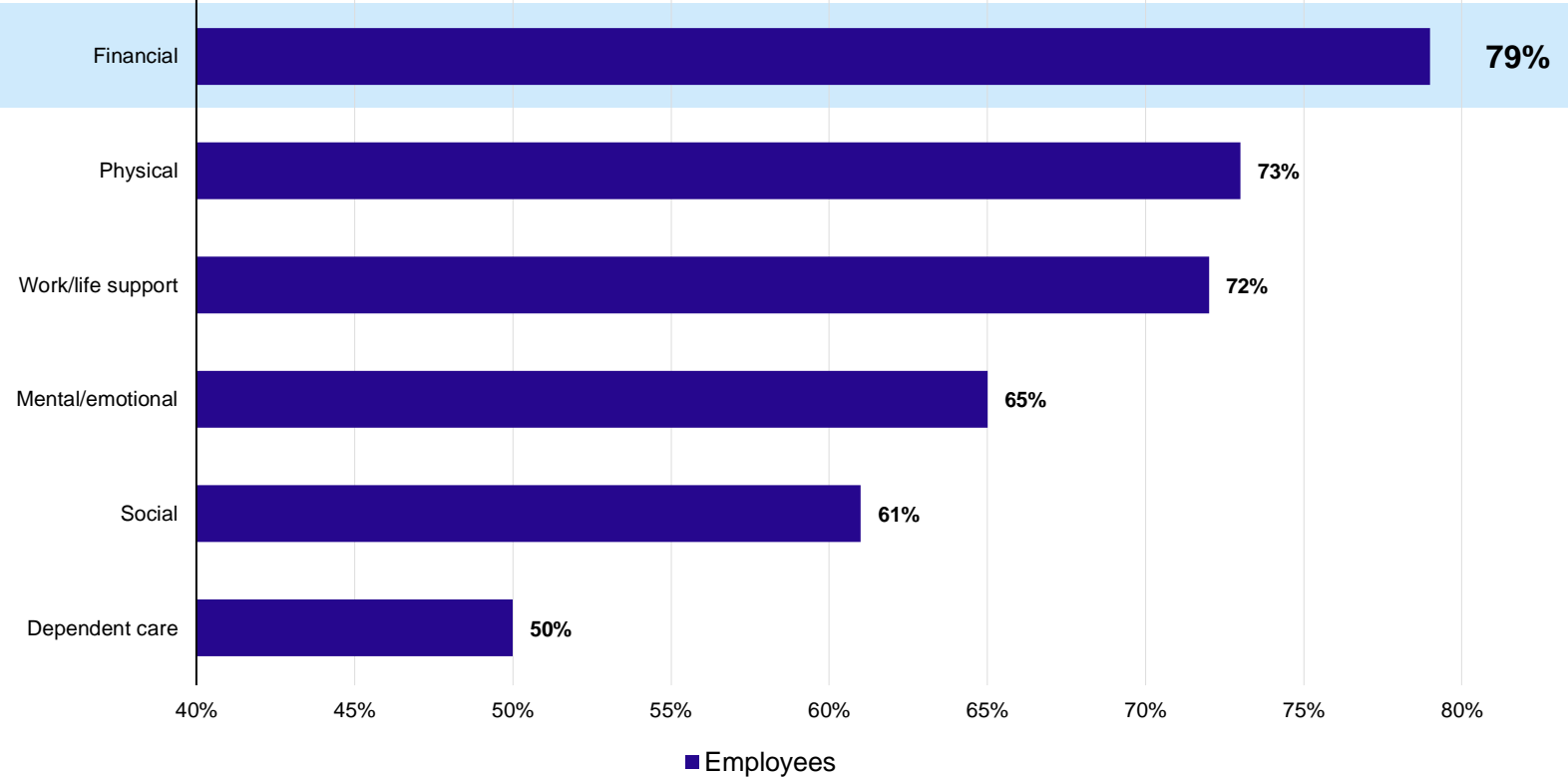
- A. 401(k): Reducing or not contributing, or more withdrawals or loans
- B. More concerns about short-term, emergency needs
- C. More concerns about medical costs – current or retirement
- D. More concerns about debt – credit card, student loans, etc.
- E. Other challenges





# Financial pain was high even before economy woes

## Employees' top request: Better financial support



90%

top need for Black, Asian, Hispanic, and Latino employees

54%

live paycheck-to-paycheck

vs.

66%

millennial, Black, Hispanic, Latino, and Native American employees

32%

unsure if they manage their money well

Buck's Wellbeing and Voluntary Benefits Survey, 2022.

# Move from financial education to real solutions for those living paycheck-to-paycheck

0.1%

**impact of financial education**  
on outcomes

(Based on meta-analysis of 201 studies on the impact of financial education)

62%

of employees want **financial resources** that really **save** them money

36%

of employees want **real solutions** to help them **pay** down debt

## **What employees are getting:**

401(k) matches, advisors focused on assets under management; financial assessments, online education and seminars, videos, tools, and calculators without context

## **What employees want:**

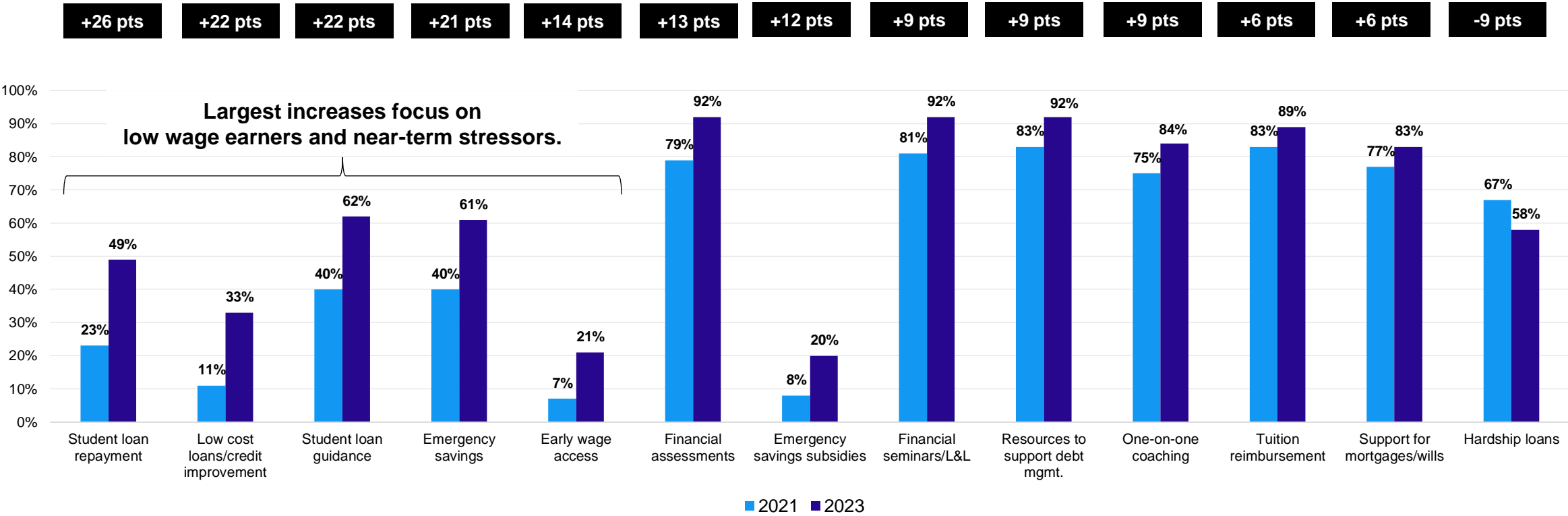
Tools for debt reduction, help with money emergencies, access to credit, help with cash flow

Research shows that programs that have traditionally focused on education and retirement planning don't engage due to no real solutions for the financially ill.

PwC 2019 Financial Wellness Survey; Inside the Wallets of Working Americans – 4th Annual Report from Salary Finance.

# Addressing near-term financial stress

## Employer programs to support financial wellbeing



Nearly all financial wellbeing programs expected to increase. 2023 data predicts continued trend in 2024.

2022 Business Group on Health and Fidelity Investments - 13th Annual Employer-Sponsored Health & Well-being Survey: The Great Recalibration.

# Poll #2

Are you taking steps to address financial resiliency?

**Mark all that you're already doing or may plan to address.**

- A. Financial coaching support
- B. Emergency savings or personal loans
- C. Student loans
- D. Long-term care insurance
- E. Unexpected health expenses



# Seven ideas to update support for financial wellbeing

01

Financial coaching

02

Emergency savings

03

Debt reduction

04

Student loan support

05

Long-term care

06

Health payment account

07

Home buying support

# 01 Financial coaching

The need	A real solution	Results
<ul style="list-style-type: none"><li>• <b>54%</b> live paycheck to paycheck</li><li>• <b>85%</b> budgets affected by price increases</li><li>• <b>68%</b> wish employer would recommend financial strategies</li></ul>	<ul style="list-style-type: none"><li>• Unlimited 1:1 coaching</li><li>• Personalized action steps</li><li>• Evaluation and incentives</li><li>• Integrated benefit decision guidance</li><li>• Help based on age, event, or topic</li></ul>	<ul style="list-style-type: none"><li>• <b>68%</b> feel more at peace</li><li>• <b>80%</b> likely to change spending</li><li>• Less likely to defer health care or other needs</li></ul>

## 02 Emergency savings

The need	A real solution	Results
<ul style="list-style-type: none"><li>• <b>46%</b> can't cover 3 months expenses</li><li>• Payday loans grow to <b>\$42.6 billion</b></li><li>• CFPB says savings the top contributor to financial wellbeing</li><li>• <b>9 in 10</b> adults want savings as a benefit</li><li>• Higher appeal among low- and mid-income employees, BIPOC, and female</li></ul>	<ul style="list-style-type: none"><li>• Rainy day savings account</li><li>• No minimums or penalties</li><li>• Auto payroll contributions</li><li>• Competitive APY</li><li>• Incentives from provider</li><li>• Goal-based user experience</li><li>• Alternative: retirement side-car account (Secure 2.0)</li></ul>	<ul style="list-style-type: none"><li>• <b>53%</b> average adoption</li><li>• <b>\$103/month</b> saved</li><li>• Retain <b>95%</b> of emergency funds</li><li>• Reduced leakage from 401(k) loans and withdrawals</li><li>• Better retention, wellbeing, and productivity</li></ul>

## 03 Debt reduction

The need	A real solution	Results
<ul style="list-style-type: none"><li>• <b>80%</b> say debt is their #1 stressor</li><li>• <b>35%</b> year-over-year jump in personal debt</li><li>• <b>19%</b> average credit card APY – the biggest increase on record</li><li>• <b>40%</b> of U.S. adults have a low credit score – or no score at all</li></ul>	<ul style="list-style-type: none"><li>• Credit campaign</li><li>• Low-cost loans via payroll deductions</li><li>• Other low-cost banking products (i.e., early wage access)</li><li>• Guaranteed lowest interest rate</li><li>• Responsible lending</li><li>• Positive payments reported back to credit agencies</li><li>• Loans are inclusive to help sub-prime</li></ul>	<ul style="list-style-type: none"><li>• High engagement with credit tools</li><li>• <b>\$750</b> average loan savings</li><li>• <b>+43</b> improvement to credit</li></ul>



# Ready to help make a difference in financial resilience?

- Conduct fact finding
  - Your savings plan participation data
  - Recruiter insights
  - Survey or focus groups
- Consider impacts per goals
  - Generation pain points (e.g., need to attract and retain Gen Y & Z given financial challenges)
  - DE&I impact by ethnicity, LGBTQ+, gender



## Survey feedback on top goals for debt support:

1. “Build my savings” (including for emergencies)
2. “Improve my credit score”
3. “Pay off my student loans”
4. “Pay off credit card debt”
5. “Save for a down payment on a house”

# 04 Student loan support

The need	A real solution	Results
<ul style="list-style-type: none"><li>• <b>1 in 5</b> have avg. \$37k student loan debt</li><li>• Women hold <b>2/3</b> of all student loan debt</li><li>• <b>85%</b> of black students borrowed vs. <b>69%</b> of white students</li><li>• Student loan pause expiring</li></ul>	<p><b>Student loan guidance tools</b></p> <ul style="list-style-type: none"><li>• Capitalize on recent changes:<ul style="list-style-type: none"><li>— Public Service Loan Forgiveness (PSLF)</li><li>— Income-driven repayment (SAVE)</li></ul></li></ul> <p><b>Student loan repayment</b></p> <ul style="list-style-type: none"><li>• Legislation makes it easier to help workers with tax-free benefits</li></ul>	<ul style="list-style-type: none"><li>• Lifetime payments fall by <b>40-50%</b></li><li>• Low-income borrowers have payments as low as <b>\$0</b></li><li>• Loan forgiveness as soon as 10 years</li><li>• No credit score impact</li></ul>

# 05 Long-term care readiness

The need	A real solution	Results
<ul style="list-style-type: none"><li>• <b>70%</b> will need LTC; 16% have a plan</li><li>• <b>73M</b> baby boomers turn 65 by 2030</li><li>• <b>\$108k per year</b> average cost of nursing home</li><li>• Washington's public option, 14 other states considering</li><li>• <b>2/3</b> of claims are women</li></ul>	<ul style="list-style-type: none"><li>• New long-term care products</li><li>• No health questions</li><li>• Employees guaranteed a benefit</li><li>• "Double coverage" relevant to all ages</li><li>• More flexible for different budgets</li><li>• Robust market of highly-rated carriers</li></ul>	<ul style="list-style-type: none"><li>• <b>50-60%</b> adoption in Washington</li><li>• High participation</li><li>• Women save <b>30-50%</b> with gender-neutral rates</li><li>• <b>30%</b> enrollees less than age 40</li><li>• Increase awareness to LTC planning</li></ul>

# LTC: Key messages

- **The case:** 75% of Americans ages 65 or older will need LTC
- **Flexibility:** Options with universal life can provide early benefits, loans, and even death benefits
- **Advantages:** Coverage beyond Medicare and other insurance, group plans are guaranteed issue, rates can be locked in, and portable
- **Story tell:** Use personas

ABC Company

COVERAGE ENROLL RESOURCES

Interested in Life Insurance with Long-Term Care Coverage?

Flexibility and financial protection, today and tomorrow!

Life insurance is a smart way to help protect your family. But what if you had an extra level of protection through a long-term care coverage rider? We've partnered with Allstate Benefits to offer you just that ... and give you more of the financial protection you're looking for!

What's your plan for long-term care?

It's not just for the elderly.

According to the National Clearing House for Long-Term Care Information, 40% of people receiving long-term care are between the ages of 18 and 64.

It's not generally covered by other sources.

75% of Americans age 65 or older need long-term care in their lifetime. With the average annual cost of that care rising — and not generally covered by health insurance, disability coverage, or Medicare — considering long-term care coverage makes good financial sense.

Why should I consider it?

One policy, two benefits — Life insurance for your family, and long-term care benefits, if you need them.

Coverage for you and your family — Cover yourself and/or your spouse/domestic partner.

Guaranteed issue — No proof of good health required to enroll for most coverage amounts, unless you're 66 or older.

Rates won't increase due to age\* — Rates are based on age when coverage begins and won't increase due to age.

Portable coverage — Coverage is yours even if you leave the company or retire.

Future loans — Borrow against the cash value of your policy once your account grows.

Who is it for? People like me.

**Tony**

- Tony is 55 and, having watched his own parents' health decline, wants long-term care coverage for himself and his wife, to have peace of mind for their future.
- He purchases \$150,000 in life insurance coverage for himself, which will provide a long-term care benefit should he need it, or will support his wife financially in the event of his death.

**Eric**

- Eric is 38 and the primary bread winner. His spouse is at home caring for their three young kids.
- He likes having life insurance to protect his family, and long-term care coverage to protect their financial future.
- Because they're a one-income family, Eric buys \$80,000 in life insurance coverage for himself and \$20,000 for his wife.

**Jan**

- Jan is 27 and proactively building a financial plan for her future.
- She likes the idea of life insurance to help a family member if something happens to her. She also likes building cash value for future access to a loan if she needs it; this would help protect her 401(k) plan balance.
- She enrolls for \$30,000 in life insurance coverage.

COVERAGE DETAILS

Note: Tailored microsite includes personas and calculators

 **BUCK**  
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## 06 Health payment account

The need	A real solution	Results
<ul style="list-style-type: none"><li>• <b>23%</b> had unexpected medical expenses</li><li>• Inflation shrinking wallet-share – <b>&lt;\$60K salaries</b> have about <b>\$1,700</b> less for healthcare vs. last year</li><li>• <b>28%</b> went without medical care</li></ul>	<ul style="list-style-type: none"><li>• Interest-free credit</li><li>• Limit set by the employer</li><li>• Pays for medical, Rx, dental, vision, mental health, and veterinarian care</li><li>• No credit check</li><li>• No employer liability</li><li>• Providers paid in full</li></ul>	<ul style="list-style-type: none"><li>• Encourages early treatment</li><li>• Avoids higher cost credit alternatives</li><li>• Promotes health equity</li><li>• Boosts retention (<b>32%</b> more likely to stay)</li><li>• Fills benefit gaps</li><li>• Aids migration to higher deductible plans</li></ul>

# 07 Home buying support

The need	A real solution	Results
<ul style="list-style-type: none"><li>• <b>2/3</b> said down payment was reason they rent</li><li>• Home prices soared <b>~50%</b> since 2019</li><li>• Monthly mortgage payment up <b>33%</b></li><li>• <b>1 in 5</b> will delay buying a home</li><li>• <b>60%</b> want home-buying-assistance benefits</li></ul>	<ul style="list-style-type: none"><li>• Online savings with auto deduction</li><li>• Reduced rates and closing costs</li><li>• Earned incentives from employer and provider</li><li>• Decision support</li><li>• Education on homeownership</li></ul>	<ul style="list-style-type: none"><li>• Attract and retain talent</li><li>• Makes workers more productive</li><li>• Reasonable commutes improve job access</li><li>• Impact where you can relocate</li></ul>



# Home buying: Communication considerations

- Make the case to “roll out the welcome mat” – as a competitive differentiator to attract and retain talent
- **2/3** of millennials say home ownership is central to the American Dream – and builds stability, wealth and security
- People under 35, as largest share of first-time buyers: **38%** homeownership in 2021 vs. **45%** pre-Great Recession
- Hurdles: income, record home prices and rising mortgage rates, down-payment and closing costs, and tight inventory
- Additional barriers of student debt loans and equity issues from historical redlining and generational wealth gaps = opportunity to demonstrate:
  - Great place to work
  - Meaningful action to support DE&I

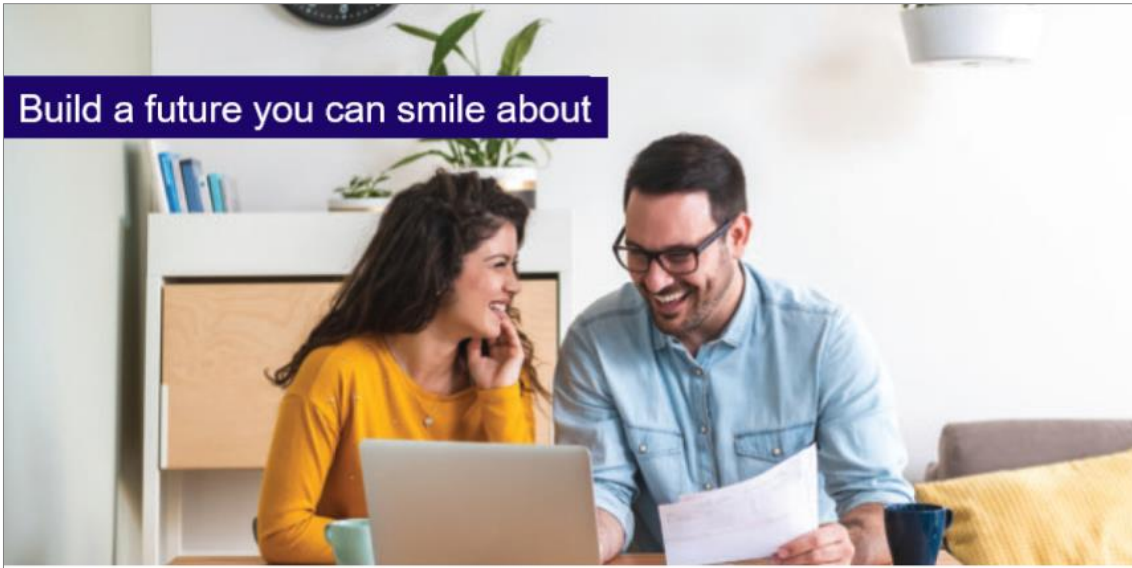
New homeowner benefitting from down-payment help:  
“I know homeownership is the first step to financial empowerment.”



2023 Bankrate Financial Security survey; Fortune.com, Employers helping workers achieve dream of home ownership, May 6, 2022.

# Why get involved beyond retirement benefits?

Because employees want help: **68%** wish their employer recommended financial strategies based on their income and financial goals. And an integrated wellbeing strategy demands it for today and tomorrow.



Build a future you can smile about

Total Retirement  
Income Statement

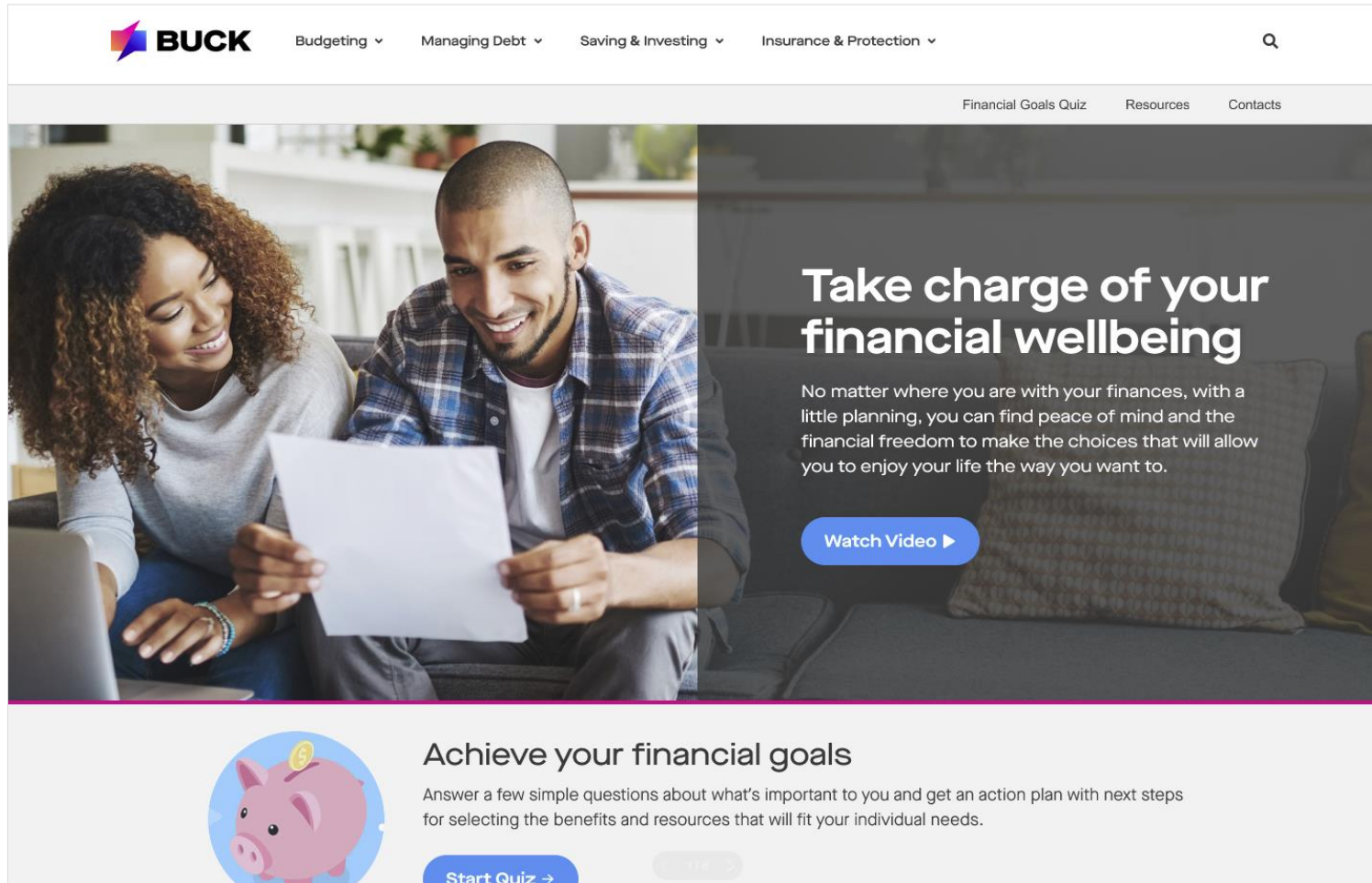
Use many resources  
to help find your way:



Franklin Templeton, Voice of the American Worker Survey, 2022.



# Bring it together in a scalable microsite



Beyond sending them out to disparate vendor sites, bundle your offerings by needs and help employees:

- Prioritize
- Understand solutions
- Easily access all resources and tools
- Enhance your call to action and drive results

# Ready to help stretch paychecks?

- Understand your data and employee feedback
- Be mindful of both short- and long-term financial stressors
- Review any gaps in current offerings
- Consider creative tools and resources
- Emphasize personalization based on life stage and goals
- Ok to start small and scale up based on priorities
- No need to break the bank; great low/no cost options available
- Leverage existing vendors but know their limitations (free or easy may not be the best option)
- Communicate holistically and engagingly
- Measure results



# Questions?



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