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”*

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

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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

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Financial wellbeing is a DE&I issue

Impact of economic pressures

- 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)

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

- Financial: 79%
- Physical: 73%
- Work/life support: 72%
- Mental/emotional: 65%
- Social: 61%
- Dependent care: 50%

90% top need for Black, Asian, Hispanic, and Latino employees
54% vs. 66% live paycheck-to-paycheck
32% unsure if they manage their money well

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

<table>
<thead>
<tr>
<th>Impact of financial education on outcomes</th>
<th>0.1%</th>
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<td>(Based on meta-analysis of 201 studies on the impact of financial education)</td>
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| Employees want financial resources that really save them money | 62% |

| Employees want real solutions to help them pay down debt | 36% |

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.

Addressing near-term financial stress

Employer programs to support financial wellbeing

- Student loan repayment: +26 pts
- Low cost loans/credit improvement: +22 pts
- Student loan guidance: +22 pts
- Emergency savings: +21 pts
- Early wage access: +14 pts
- Financial assessments: +13 pts
- Emergency savings subsidies: +12 pts
- Financial seminars/L&L: +9 pts
- Resources to support debt mgmt.: +9 pts
- One-on-one coaching: +6 pts
- Tuition reimbursement: +6 pts
- Support for mortgages/wills: +9 pts

Largest increases focus on low wage earners and near-term stressors.

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

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

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# Financial coaching

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<thead>
<tr>
<th>The need</th>
<th>A real solution</th>
<th>Results</th>
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<tbody>
<tr>
<td>• 54% live paycheck to paycheck</td>
<td>• Unlimited 1:1 coaching</td>
<td>• 68% feel more at peace</td>
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<tr>
<td>• 85% budgets affected by price increases</td>
<td>• Personalized action steps</td>
<td>• 80% likely to change spending</td>
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<tr>
<td>• 68% wish employer would recommend financial strategies</td>
<td>• Evaluation and incentives</td>
<td>• Less likely to defer health care or other needs</td>
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<tr>
<td></td>
<td>• Integrated benefit decision guidance</td>
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<td></td>
<td>• Help based on age, event, or topic</td>
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## 02  Emergency savings

<table>
<thead>
<tr>
<th>The need</th>
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</thead>
<tbody>
<tr>
<td>• 46% can’t cover 3 months expenses</td>
<td>• Rainy day savings account</td>
<td>• 53% average adoption</td>
</tr>
<tr>
<td>• Payday loans grow to $42.6 billion</td>
<td>• No minimums or penalties</td>
<td>• $103/month saved</td>
</tr>
<tr>
<td>• CFPB says savings the top contributor to financial wellbeing</td>
<td>• Auto payroll contributions</td>
<td>• Retain 95% of emergency funds</td>
</tr>
<tr>
<td>• 9 in 10 adults want savings as a benefit</td>
<td>• Competitive APY</td>
<td>• Reduced leakage from 401(k) loans and withdrawals</td>
</tr>
<tr>
<td>• Higher appeal among low- and mid-income employees, BIPOC, and female</td>
<td>• Incentives from provider</td>
<td>• Better retention, wellbeing, and productivity</td>
</tr>
<tr>
<td></td>
<td>• Goal-based user experience</td>
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<tr>
<td></td>
<td>• Alternative: retirement side-car account (Secure 2.0)</td>
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## 03 Debt reduction

<table>
<thead>
<tr>
<th>The need</th>
<th>A real solution</th>
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<tbody>
<tr>
<td>• 80% say debt is their #1 stressor</td>
<td>• Credit campaign</td>
<td>• High engagement with credit tools</td>
</tr>
<tr>
<td>• 35% year-over-year jump in personal debt</td>
<td>• Low-cost loans via payroll deductions</td>
<td>• $750 average loan savings</td>
</tr>
<tr>
<td>• 19% average credit card APY – the biggest increase on record</td>
<td>• Other low-cost banking products (i.e., early wage access)</td>
<td>• +43 improvement to credit</td>
</tr>
<tr>
<td>• 40% of U.S. adults have a low credit score – or no score at all</td>
<td>• Guaranteed lowest interest rate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Responsible lending</td>
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<td></td>
<td>• Positive payments reported back to credit agencies</td>
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<td></td>
<td>• Loans are inclusive to help sub-prime</td>
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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

<table>
<thead>
<tr>
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<th>A real solution</th>
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</thead>
<tbody>
<tr>
<td>• 1 in 5 have avg. $37k student loan debt</td>
<td><strong>Student loan guidance tools</strong></td>
<td>• Lifetime payments fall by 40-50%</td>
</tr>
<tr>
<td>• Women hold 2/3 of all student loan debt</td>
<td>• Capitalize on recent changes:</td>
<td>• Low-income borrowers have payments as low as $0</td>
</tr>
<tr>
<td>• 85% of black students borrowed vs. 69% of white students</td>
<td>— Public Service Loan Forgiveness (PSLF)</td>
<td>• Loan forgiveness as soon as 10 years</td>
</tr>
<tr>
<td>• Student loan pause expiring</td>
<td>— Income-driven repayment (SAVE)</td>
<td>• No credit score impact</td>
</tr>
<tr>
<td><strong>Student loan repayment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Legislation makes it easier to help workers with tax-free benefits</td>
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## 05 Long-term care readiness

<table>
<thead>
<tr>
<th>The need</th>
<th>A real solution</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 70% will need LTC; 16% have a plan</td>
<td>• New long-term care products</td>
<td>• 50-60% adoption in Washington</td>
</tr>
<tr>
<td>• 73M baby boomers turn 65 by 2030</td>
<td>• No health questions</td>
<td>• High participation</td>
</tr>
<tr>
<td>• $108k per year average cost of nursing home</td>
<td>• Employees guaranteed a benefit</td>
<td>• Women save 30-50% with gender-neutral rates</td>
</tr>
<tr>
<td>• Washington’s public option, 14 other states considering</td>
<td>• “Double coverage” relevant to all ages</td>
<td>• 30% enrollees less than age 40</td>
</tr>
<tr>
<td>• 2/3 of claims are women</td>
<td>• More flexible for different budgets</td>
<td>• Increase awareness to LTC planning</td>
</tr>
<tr>
<td></td>
<td>• Robust market of highly-rated carriers</td>
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</table>
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

**Note**: Tailored microsite includes personas and calculators
# 06 Health payment account

<table>
<thead>
<tr>
<th>The need</th>
<th>A real solution</th>
<th>Results</th>
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</thead>
<tbody>
<tr>
<td>• 23% had unexpected medical expenses</td>
<td>• Interest-free credit</td>
<td>• Encourages early treatment</td>
</tr>
<tr>
<td>• Inflation shrinking wallet-share – &lt;$60K salaries have about $1,700 less for healthcare vs. last year</td>
<td>• Limit set by the employer</td>
<td>• Avoids higher cost credit alternatives</td>
</tr>
<tr>
<td>• 28% went without medical care</td>
<td>• Pays for medical, Rx, dental, vision, mental health, and veterinarian care</td>
<td>• Promotes health equity</td>
</tr>
<tr>
<td></td>
<td>• No credit check</td>
<td>• Boosts retention (32% more likely to stay)</td>
</tr>
<tr>
<td></td>
<td>• No employer liability</td>
<td>• Fills benefit gaps</td>
</tr>
<tr>
<td></td>
<td>• Providers paid in full</td>
<td>• Aids migration to higher deductible plans</td>
</tr>
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## 07 Home buying support

<table>
<thead>
<tr>
<th>The need</th>
<th>A real solution</th>
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</tr>
</thead>
<tbody>
<tr>
<td>• 2/3 said down payment was reason they rent</td>
<td>• Online savings with auto deduction</td>
<td>• Attract and retain talent</td>
</tr>
<tr>
<td>• Home prices soared ~50% since 2019</td>
<td>• Reduced rates and closing costs</td>
<td>• Makes workers more productive</td>
</tr>
<tr>
<td>• Monthly mortgage payment up 33%</td>
<td>• Earned incentives from employer and provider</td>
<td>• Reasonable commutes improve job access</td>
</tr>
<tr>
<td>• 1 in 5 will delay buying a home</td>
<td>• Decision support</td>
<td>• Impact where you can relocate</td>
</tr>
<tr>
<td>• 60% want home-buying-assistance benefits</td>
<td>• Education on homeownership</td>
<td></td>
</tr>
</tbody>
</table>

- Online savings with auto deduction
- Reduced rates and closing costs
- Earned incentives from employer and provider
- Decision support
- Education on homeownership

- Attract and retain talent
- Makes workers more productive
- Reasonable commutes improve job access
- Impact where you can relocate
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

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.

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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