

RETIREMENT PLAN PERSPECTIVES

Insights for Your Plan and Employees

Q2 2016



Beyond RetireReady – Focusing on Financial Wellness

Financial wellness programs are becoming an important part of today's benefits packages. There is a growing trend to help plan participants and employees consider and address all aspects of their financial health, not just their savings and contribution rates. For example, if participants are struggling to manage their debt, they would be unlikely to contribute what is needed to reach their retirement income goals, so they would need a different kind of support.

Leading retirement plan sponsors are focusing their attention on giving participants a more holistic understanding of financial planning concepts to help find the right balance for each employee as he or she manages his or her short-term needs versus long-term goals. In addition, employers are adding programs and resources to help employees manage the stress and meet the challenges that might get in the way of achieving true financial wellness.

Employers know from experience that a "healthy" employee may be affected by nonhealth factors and that emotional and financial health also need to be considered. Employers also recognize that the benefits of financially secure employees—such as experiencing lower levels of stress and being less distracted at work—can improve productivity and morale. Employees who are financially secure are also more likely to be able to retire closer to the standard age, reducing the need for older workers to continue working beyond when they would prefer to retire and therefore needing to use less employer-sponsored health care services. In addition, with a more financially fit employee base, employers may have more satisfied employees who might be more loyal to the companies where they work and more engaged in their daily tasks.

In the past, the most common plan feature offered by employers was education on the basics of investing.¹ Recognizing that employees need to consider all aspects of their financial situation before implementing or making changes to their planning and investment strategy, many employers have expanded the breadth of educational topics they offer² to include:

- Basics of financial markets (43%)
- Budgeting (34%)
- Debt management (33%)
- Financial planning (33%)
- Health care spending (31%)
- Saving for life stages (28%)
- Prioritizing savings (27%)

So if your company is looking to increase your employees' overall financial wellness, start by broadening your educational offerings. Topics such as the ones listed above are great for engaging different segments of your employee base. We encourage you to provide the information in various formats (e.g., in-person education, as well as online resources) to help ensure that employees can access content in the best format for them.

¹ 2015 Hot Topics in Retirement Study, Aon Hewitt

² 2016 Hot Topics in Retirement and Financial Well-Being, Aon Hewitt

Beyond RetireReady – Focusing on Financial Wellness *(continued)*

Before you launch into significant outreach, we also recommend that you measure the overall financial wellness of your employees. By doing a quick survey of their needs and concerns, you will be able to focus your early efforts on the topics that interest them most. Furthermore, by gauging employee sentiment, you will have a baseline against which to compare in quantifying the impact of your wellness support.

Lastly, like any multifaceted program or initiative, financial wellness is not a one-and-done type of thing. In order to improve the long-term overall wellness of your employees, you will need to continually evolve and support your wellness program as the needs and demographics of your employee base shift.



Health and Wealth Go Hand in Hand

Incorporating healthy habits into your lifestyle can help to improve your overall health, but some good habits can also save money and improve finances, such as:

- **Take walking breaks.** Most people spend too much time sitting, and this increases the risk of developing chronic diseases. Make a point of taking walking breaks. For example, get up and talk to a co-worker instead of e-mailing him or her. It will get your blood flowing and may in the long run save money in medical costs.
- **Drink more water.** Water is the best option for quenching your thirst. It can also save money and reduce weight gain. Also, skip the plastic water bottles as a favor to the environment.
- **Exercise with friends.** Save the money you spend on gym membership and join a local bike group or running club instead. Enjoy the countless benefits of exercise with the built-in accountability from friends.



Take Note

Did you know?

- Almost **40%** of plan participants **want more financial education at work**³
- **45%** of employees find dealing with their financial situation stressful⁴
- **63%** of pre-retirees feel that their company **doesn't provide sufficient guidance to transition to retirement** or don't know that their company does provide such guidance⁵



We Can Help

We can help you assess the overall financial wellness of your employees, identify areas of improvement, and work with you to develop a strategy that goes beyond the traditional benefits offering. We can also help your employees move beyond a focus on retirement readiness to consider all the facets of their financial lives that can have an impact on their well-being.

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Authored by The Standard and the Retirement Consulting Services team at Commonwealth Financial Network.

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³ 2016 Participant Survey, PLANSPONSOR

⁴ 2015 Employee Financial Wellness Survey, PwC

⁵ 2013 Workplace Benefits Report, Bank of America Merrill Lynch