



REFRAMING FINANCIAL WELLNESS

Recruit, Retain, Retire

So much of the financial wellness conversation to date has focused on the potential health care cost mitigation of adopting organizations.

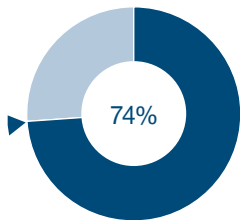
A more effective angle, however, may come in the form of the company's increased ability to **recruit**, **retain**, and allow a happier workforce to **retire** on time.

This provides advisors with a unique way to address financial wellness and differentiate themselves with prospects.

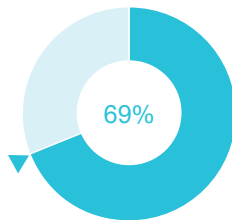
Wellness Programs Aim to Keep Employees and Employers Happy

T. Rowe Price conducted a plan sponsor survey in April 2016¹ to get their thoughts about financial wellness and other defined contribution trends. When asked what the major objectives of financial wellness initiatives are, plan sponsors responded with:

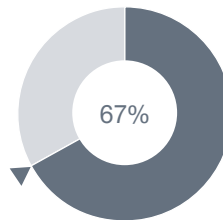
Retaining skilled employees



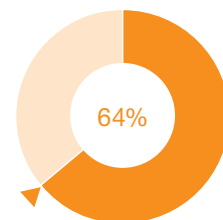
Increasing employee satisfaction



Improving employee productivity



Competing effectively for skilled employees



These responses are almost identical to the common reasons why employers offer an overall benefits package in the first place—to recruit and retain top talent.

Financial wellness programs, for the most part, are focused on more holistic financial education, such as debt management, budgeting, and saving and spending strategies. It takes some connecting the dots to figure out why retirement advisors—who are typically focused on investments, plan design, and fiduciary issues—are the ones proactively addressing something as broad as financial wellness programs.

Why Advisors Are Focusing on Financial Wellness

Advisors have a huge opportunity to make the connection between financial wellness and a workforce that has saved enough to retire on time.

The willingness of an employer to consider implementing a financial wellness program seems to be driven more by employee satisfaction than a desire to increase retirement savings. Therefore, it's up to the plan advisor to reframe the discussion with plan sponsors to show the importance of a financial wellness program to improve financial readiness.

The foundational objective of a financial wellness program should be to positively impact the overall financial condition of the participant. This then gives them the capacity to generate increased retirement savings.

However, in our survey, only 34% of plan sponsors polled viewed increased deferrals as a major objective. And only around 20% viewed decreasing cash-outs and loans—actions that could be viewed as financially distressed behavior—as a major objective. This presents the advisor with a huge opportunity to shine

a light on the relationship between an employee's ability to "right his or her financial ship" and start saving for retirement at recommended rates (10%–15%) so he or she can retire on time.

A financial wellness conversation or program isn't by itself the end game, but merely the start of a more valuable initiative to get an organization's workforce financially fit.

In a world of commoditized investment analysis, financial wellness could prove to be a game changer for plan advisors.

Retirement Success Requires Fiscal Fitness

Over the years, advisors and employers have improved overall retirement plan participation rates and perhaps deferral rates through automatic services; however, overall retirement readiness may not be improving. Why? It may be counterproductive to tell employees to save more, maximize the match, and take advantage of compounding if there are larger financial issues preventing them from doing so.

And even if employees are participating and saving at an adequate rate, that doesn't necessarily mean they have the financial flexibility to cover a financial emergency. Often, retirement savings is the first to suffer when a financial crisis hits.

Some advisors are seeing new business come in the door *just because* they can offer credible insights on the topic of financial wellness.

When reframing the financial wellness conversation with employers, it's important to stress that these programs are designed to help individuals and families manage their daily finances while setting short- and long-term savings goals. But realizing measurable success of implementing a financial wellness program may take time.

Unlike implementing services like reenrollment, where sponsors can see the immediate effects in the form of increased participation, the benefits reaped from implementing a financial wellness program will be realized over time. Depending on the level of debt employees may carry, it may take a few years to make a significant impact on increased retirement savings.

And it's important to understand that financial wellness programs are not a participant-sold idea or service. They can be a very effective value add for the employer in the forms of increased retention, higher morale, longer tenure, and potential cost mitigation—that also can have an extremely positive impact on the financial and emotional state of the workforce.

Recruit, Retain, *Retire*: A Fresh Take on Employee Benefits

Advisors can work with employers to frame financial wellness as the "on ramp" to the long-term road to retirement savings success. They can drive home that message and help the employer see that employees under financial stress may not be able to save effectively for retirement.

The old mantra of offering a competitive benefits package to "recruit, retain, and reward" needs updating. With an emphasis on retirement savings and financial wellness, the "three Rs" should now shift to "recruit, retain, and retire."

Learn more about reframing financial wellness for your clients.

Visit troweprice.com/wellnessworks

Next
Generation
Thinking

¹T. Rowe Price/Brightwork Partners, LLC, Plan Sponsor Pulse Survey, April 2016. Survey of 155 401(k) plan sponsors with assets of \$100 million or more conducted online, March 22–April 1, 2016.

T. Rowe Price Investment Services, Inc.



FINANCIAL WELLNESS DISCUSSION GUIDE

**WELLNESS
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Every company has to balance its aspirations for employee benefits with practical, financial realities. Use this guide to begin exploring the ways in which focusing on financial wellness can benefit your organization from both a benefits perspective and a cost-focused perspective. For the best results, review this guide with a financial advisor—using it as a starting point for a deeper exploration of your company’s financial wellness needs.



Retirement Plan Data

NOTES:

- 1 Are employees retiring on time with adequate savings? All told, how much is the company spending on employees age 65 and older?
- 2 Do participants opt out of auto-enrollment at an above-average rate (average rate = 5.5%²)? If yes, what might be the reasons for doing so?
- 3 Do you notice a high amount of calls and Web traffic regarding aspects of your plan like loans, in-service distributions, or hardship withdrawals?
- 4 Do participants take out loans from your plan at an above-average rate (average rate = 14.6%²)?
- 5 Are participants taking multiple loans from your plan at the same time (if available)?

FOOD FOR THOUGHT

High auto-enrollment and auto-increase adoption rates don't mean much if money is leaking out of the plan through loans and hardship withdrawals.



Commitment

- 1 Financial wellness programs range widely in costs and features. Before you make a decision on a provider, consider how much you're willing to commit to:
 - The cost of the program
 - Education and promotion
 - The resources necessary to administer the program
- 2 Success can take time. In order to see the best results, are you willing to support the program over several years?

FOOD FOR THOUGHT

Leveraging existing communications and programs to increase interest or promote participation is an efficient way to drive results.

Benefits considerations

- The emotional toll that financial stress takes on employees can't be overstated.
- Financial wellness not only makes employees more productive, it enhances their quality of life outside the workplace.
- Financially unhealthy employees may falsely believe that more money will solve their issues. This puts employers at risk of losing workers to competitors willing to pay just a few dollars more.
- Trends show that younger employees tend to change jobs every three to four years. Well-crafted benefits programs may address this issue.
- Financial wellness offerings can often be incorporated into existing education programs easily and with minimal additional effort on the part of employers.

Financial considerations

- How much is turnover costing the company?
- A financially healthy workforce has a better chance of retiring on time, which can translate to significantly lower payroll, health care, and workers' compensation costs.
- Seventy percent of Human Resources professionals surveyed said financial problems impact employee performance.³
- Half of plan participants said they were absolutely certain or very likely to increase their 401(k) contributions if they had less debt.⁴ Thirty-one percent said they would save more for retirement if they had emergency savings.⁵
- Each generation values benefit plans differently. Surveying your employee base at regular intervals may capture these changing opinions and help ensure that your benefits dollars are being spent effectively.

Based on your answers to the questions in this discussion guide, if you have decided that financial wellness education is something that you want to provide to your employees, we can help you find the program that's right for you. Use our financial wellness program evaluator as a follow-up to this piece. It will give you a breakdown of the financial wellness provider landscape—showing you the strengths and weaknesses of each type of provider so that you can find the one that meets your unique needs and preferences.

For more information,
please talk to your financial advisor.

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¹ S&P Global FinLit Survey 2015

² PSCA's 58th Annual Survey of Profit Sharing and 401(k) Plans

³ SHRM 2014 "Financial Wellness in the Workplace Survey"

⁴ T. Rowe Price Retirement Saving and Spending Study

⁵ Ibid





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FINANCIAL WELLNESS PROGRAM EVALUATOR

Evaluating financial wellness programs is a challenge. With so many to choose from, how do you find the best match for your business? Start by using this evaluator which breaks down the financial wellness landscape into five categories—providing unique characteristics, strengths, and weaknesses of each. For the best results, complete the evaluator with a financial advisor while keeping your employee-base and benefits philosophy in mind.

The Five Types of Programs

TOOLS

Tools provide a structure to help people manage their money. They rely heavily on the use of financial information aggregation and may require significant time and ongoing involvement from the user. This type of program often links together bank accounts, retirement accounts, and other financial sources of information to provide a more complete financial profile.

EDUCATION AND LITERACY

As the name suggests, these programs are focused on educating people so that they can make better saving and spending decisions. They typically don't work toward specific goals or objectives, but rather offer a broad library of general content. It is up to the user to figure out which content to view and apply to his or her financial situation. From the employer's perspective, there may be no way to keep tabs on which employees are accessing the program and if they are making progress in addressing financial challenges.

COACHING AND BEHAVIORAL

These programs focus on short- and long-term behavior modification through education and clear next steps. They usually have lots of content, benchmarks, fewer tools, and robust (often one-on-one) engagement. Coaching and behavioral programs tend to offer employers the most visibility as to how employees may be progressing on the road to financial wellness. Reports and statistical information may also help employers evaluate the ROI of a program.

SERVICES AND PRODUCTS

Product-based services guide people through specific financial planning scenarios. For example, an employee struggling with estate issues after the passing of a parent might be in need of an estate specialist to develop an individualized plan. Employer-level reporting varies widely across the Services and Products category, depending on the provider.

ENHANCED EMPLOYEE EDUCATION PROGRAMS

In some situations, it may not be feasible for employers to purchase a financial wellness program. It may fall to the financial advisor and Human Resources to create an education program that can enhance an existing retirement plan education program. The company may be able to identify specific needs within their employee population and work with an advisor to design educational opportunities around those needs. For example, companies with young employees who are struggling with college loans might benefit from a presentation on creating a budget. Pre-retirees may be interested in learning about social security rules or typical healthcare expenses in retirement. The possibilities are as endless as the employer and advisor's creativity.

POPULAR INDEPENDENT PROGRAMS

Here's a directory of several leading independent programs. Visit their sites for more on their respective offerings.






Program	Description of Services *
Edu(k)ate edukate.com	Personal financial guidance for everyone. Each of your employees will meet Kate- who will tell them exactly what they need to do to meet their financial goals, and the playbook on how to get to where they want to be. Our automated communication platform leaves no employee behind.
Emerge Financial Wellness emergebenefit.com	Through intelligent technology we are committed to bringing personalized, relevant, and responsible financial health to every household. We'll connect you to the information, personal coaches, and credit score tracking you need to achieve your financial goals, whatever they may be.
Everfi everfi.com	Everfi@work is a powerful financial wellness tool that uses gamification and simulation to educate your employees on key financial topics such as retirement planning, insurance, credit score, buying a home, and more. Content is served up in short, fun, interactive learning segments to create a highly engaging experience.
Financial Finesse financialfinesse.com	We work with you to design custom, multi-channel programs based on the specific needs of your workforce with the goal of engaging all employees with ongoing, personalized support to create a culture of financial wellness. The patent-pending online platform allows employees to quickly assess their financial situation and obtain personalized guidance based on their needs.
Foundation for Financial Wellness foundationforfinancialwellness.org	The Foundation for Financial Wellness is a non-profit organization whose goal is to promote financial wellness in the workplace through a behavior-based curriculum. We provide employees with knowledge to help them better understand company benefits, budgeting, and basic financial management.
Four Seasons Financial Education fsfe.com	Our programs are based on an established five-step system that helps your employees pursue and maintain financial wellness: 1. Financial Health Assessment, 2. Tailored Education, 3. TelePlanning™ with a CFP® Professional. 4. Financial Check-ups, 5. Monitoring and Analytics.
Guidespark.com guidespark.com	Guidespark provides a complete financial wellness solution that ranges from the tools you need to promote your financial wellness programs through integrations with your preferred service providers, so employees have a single portal they can access to manage their financial health.
Hello Wallet hellowallet.com	Employees lack a foundational understanding of financial management to achieve their primary goals, leaving their secondary goals out of reach. We help employees climb the ladder to financial wellness one step at a time through innovative software solutions, allowing them to make progress without feeling helpless or overwhelmed.
LearnVest learnvest.com	We believe financial planning should be affordable, accessible, and even delightful. That's why we've developed the LearnVest Program. Whether you want to budget better, save for big trips, maximize your investments, or something in between, we're here to help you make progress on your money.
Mint mint.com	The complete picture in minutes. See all your balances and transactions together. Mint automatically updates and categorizes your information in real time. From your bank accounts and credit cards to retirement accounts and more—we'll crunch the numbers as they happen so you always know where you stand.
Pete the Planner petetheplanner.com	Your company is made up of individuals of varying income levels, education levels, and relationship statuses. Our programs range from broad courses intended for any age or income range, to programs specifically for employees within 15 years of retirement.
Retirement Map retiremaphq.com	The first financial wellness program designed from plan advisors and their clients. Retiremap is built for how advisors service retirement plans. The Advisor Management Interface helps advisors understand each employee's goals and current financial situation quickly, making every employee interaction more impactful and efficient.
SmartDollar smartdollar.com	SmartDollar is a step-by-step approach to handling money with the number-one authority in personal finance, Dave Ramsey. More than 2 million families have gotten on Dave's plan and taken control of their money. Thousands of companies across the country are bringing this benefit to their employees.
The Financial Wellness Group thefinancialwellnessgroup.com	The mission of The Financial Wellness Group is to improve the financial strength of individuals, families, and the organizations they work for, through sound financial education and financial wellness solutions. For more than a decade we have been training and providing financial wellness solutions based on our proprietary "4 Laws" principles.

Except for SmartDollar, neither T. Rowe Price Retirement Plan Services, Inc. nor any of its affiliates is endorsed, sponsored, or otherwise authorized by or affiliated with the Program Providers listed above.

* Taken from the programs' respective websites, as of April 2016

PUTTING IT INTO PRACTICE

Here is an example company profile that illustrates some of the typical considerations that might go into evaluating how a financial wellness program style may fit. This list is not complete and may not match your own company's unique profile, but is intended as a starting point for creating your own list.

Example Profiles		 Tools	 Education and Literacy	 Coaching and Behavior	 Services and Products	 Enhanced Education
Employee Retirement Plan Profile	Active participant, interested, sound basis of financial knowledge	●	●	●	●	●
	Passive participant, auto-enrolled, not financially educated		●	●		
	Not engaged, opted out of plan		●	●		
Employee Financial Profile	Established, financially secure, potentially squeezed between aging parents and children	●	●	●	●	●
	In financial growth mode, new home owners, young parents			●		●
	In financial crisis, taking payday loans, hardship withdrawals			●		●
Employer Communication Style	Tool-based, do-it-yourself with a "tech" style	●	●	●	●	
	Education-based, for readers who can browse and self-serve	●	●	●	●	●
	Coaching, hands-on, more paternalistic style		●	●		●
	Solutions-oriented, identify issues and slot in specific solutions				●	●
Employer Demographic Profile	Decentralized, highly distributed workforce	●	●	●		
	Benefits-driven recruitment and retention	●	●	●		●
	Demonstrable ROI on benefits required		●	●		
	Employees work with computers	●	●	●		
	Employees are not necessarily computer-comfortable			●	●	●
	Employees are extremely analytical	●	●	●	●	
Financial Advisor Style	Very hands-on, involved with participants beyond just enrollment meetings				●	●
	Enrollment meetings as well as investments			●		●
	Investment committee only	●	●	●		
	Arms-length consultant	●	●	●		

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CONSIDERATIONS FOR SELECTING A FINANCIAL WELLNESS PROVIDER

As financial wellness increases in popularity, it becomes critical to develop a valid framework for selecting a financial wellness provider.

Providers offer a variety of tools, resources, and services. Due to the diversity of offerings, if employers can effectively communicate their highest-priority components of a financial wellness provider, they may be better suited to navigate what is becoming an increasingly complex landscape.

Here are some considerations that employers may want to incorporate into their evaluation process. This list only serves as a framework to start their evaluation—the needs and priorities of every employer may differ.



Budget or cost

For many employers, this may be the biggest factor in narrowing down the list of potential financial wellness providers.

- Is cost based on all eligible employees for the program, or are only those who enroll charged a fee?
- Will the cost be passed through to employees?
- Will the employer decide to shoulder the per-employee cost?



Business model

Financial wellness as a topic has exploded very quickly throughout the retirement industry. Because of its current widespread popularity, financial wellness providers seem to be entering the market almost every month. But much like the proliferation of target date providers a decade ago or dot-com start-ups from the late 1990s, do they have a strategy for long-term success or are they a flash-in-the-pan outfit? Questions that employers should ask a potential provider could include:

- Do they have the capacity to grow as my organization grows?
- How do they make their money—from advertising, or does their revenue come from cross-selling additional products and services to my workforce?



Communication frequency

How often a financial wellness provider may be sending messages to employees may be an important consideration. Each company develops its own communication culture. Some may pepper their employees with frequent messages, others may prefer to group communications in a newsletter type of format that only goes out weekly or perhaps less frequently.

Inquire about the timing, frequency, and type of message that the financial wellness provider would typically send. In an ideal world, perhaps they can even synchronize their messages to be complementary to the ones the employer is sending as well.

- What is their client service model for ongoing engagements with [me/the employer]?
- Do they have dedicated account or relationship managers? Is it a pooled client service environment? A toll-free number?
- What is the ongoing cadence of communications after the program is implemented?

Just like the difference in financial wellness providers, a variety of demographics, preferences, and communication styles exist all within the same organization. Employers can work with their advisor to prioritize the services and features of financial wellness providers that are most important to them.



Multimedia resources

Each organization's workforce is unique. And most of the time, it's not homogeneous. Some employees may have access to computers, laptops, or other mobile devices, while other employees rely more heavily on paper-based communication or call center conversations.

- Does the financial wellness provider offer education in a variety of formats?
- How is content accessed? Do employees have to go to the financial wellness provider's site, can the content reside on the employer's internal websites, or is it a mix of both?
- Is content available in paper, electronic, phone-based, and/or face-to-face formats? Which of those might be the highest priority for the employer's organization?



Data reporting capabilities

Financial wellness providers come in a variety of flavors. Some offer coaches or access to financial professionals. Others link financial accounts to give users a holistic look at their finances on a weekly or monthly basis. And others are prescriptive in the behaviors that lead to financial wellness and the order in which employees change each behavior.

All of those examples come with differing abilities to track employees' progress and measure the success of the program. Employers who may be under pressure to demonstrate the effectiveness of a financial wellness program may want to evaluate how detailed the program can be at providing results or progress.

While data reporting capabilities sound like a "must have," employers should keep in mind that this capability is often accompanied by bigger logistical hurdles pertaining to data feeds and access to employee information. This raises questions about data integrity and security as well. Data reporting may also carry with it a heftier price tag for the program.



Integration with other benefits

Financial wellness should be seen as an extension, or another facet, of an employee's overall benefits package. The better integrated it can be into existing communications about retirement, the better chance the employee has to understand how the benefits fit together. At its core, financial wellness gives employees the capacity to generate additional savings, an important outlet of which is their workplace retirement plan. Other considerations with respect to integration are:

- Can messages about financial wellness be incorporated into retirement plan statements?
- Can the plan's website include financial wellness (or at least a link to obtain more information on the program and resources available)?
- Is there an opportunity to incorporate financial wellness information into call center scripts?

Enhancing the visibility and amplifying the presence of the financial wellness program will only help to increase adoption within the workforce.

Create your own “Request for Information”

Pick and choose from the questions compiled below to create your own customized Request for Information to collect responses from your short list of financial wellness providers to enable you to compare their responses to assist you in making an informed choice. While the considerations listed here can get you thinking about what will be most effective for your workforce, it is not meant to be an exhaustive list.

Budget and Cost

- How is the program priced? Per eligible, per employee, or per enrollee?
- How can the fees be charged? To enrollees directly? To the employer?

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Business Model

- How many years have you been in business? How many people are currently enrolled in your program?
- What are your current participation rates?
- How do you earn revenue now? What are your plans (if any) to expand or explore different revenue streams going forward?
- Will employees have the ability to speak with an actual person? Do you offer services such as a call center staffed with CERTIFIED FINANCIAL PLANNER® practitioners?

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Communication

- Is there a website for employees? Can it be customized for our employees? Do you offer an app that enrollees can access on a smartphone or tablet?
- How do you typically communicate with enrollees? How often? How many formats is your education available in? Do you offer the ability to coordinate your messaging with our own communications?
- If employee information is included in data feeds to/from the provider, what security measures are in place to protect it?

- ---
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Data Reporting

- What level of reporting can you offer the employer?
- Can you provide reporting that demonstrates the effectiveness of the program? Is there any additional cost for reporting?

- ---
- ---

Integration With Other Benefits

- What systems do you have in place to integrate the program with our existing benefits offerings?
- Can you communicate directly with our retirement plan provider or recordkeeper?
- Can you demonstrate how your financial wellness program will align with our retirement plan and other benefit plans?

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For more information,
please talk to your financial advisor.





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April 2016

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Retirement and Financial Education

FINANCIAL WELLNESS

EXECUTIVE SUMMARY

What is financial wellness?

Financial wellness is the ability of individuals to manage daily finances while setting short- and long-term saving goals so they can invest in a secure financial future.

In our view, short-term barriers such as debt or a lack of emergency funds can prevent investors from reaching long-term goals such as saving for college and retirement. For many, it makes sense to get their immediate financial situation under control as part of developing a successful, long-term financial strategy.

Financial wellness is the result of healthy saving and investing behaviors that are attainable and maintainable over time.

WHY FINANCIAL WELLNESS IS IMPORTANT FOR EMPLOYERS

Today's employers are competing to attract and retain qualified employees, endeavoring to keep their workforce focused and productive, and managing limited resources for employee benefits, all while trying to remain competitive in a global economy.

In this challenging environment, employers are taking note of employees facing financial difficulties and drawing connections between their finances and their overall health and wellness, and job performance. Research shows financial stress takes an emotional toll; it can adversely affect people's physical health and well-being as well as productivity.

Consider:

- 64 percent of U.S. workers say finances are their main source of stress¹
- 28 percent of people say they have less than \$1,000 saved outside their workplace savings plan²
- Seven out of 10 human resources professionals surveyed say financial problems impact employee performance³
- 44 percent of employers believe that offering some additional guidance on handling finances will decrease the time employees spend at work tending to financial issues⁴

¹2014 American Psychological Association's "Stress in America" Survey

²EBRI 2015 Retirement Confidence Survey, based on Americans 25 and older

³SHRM 2014 "Financial Wellness in the Workplace Survey"

⁴Aon Hewitt 2016 "Hot Topics in Retirement Study"

While increasing employee engagement and retention and possibly improving the retirement-readiness of their workforce are some outcomes employers could expect from providing greater financial wellness support, 85 percent of employers polled in a recent Aon Hewitt study⁵ said providing employees some type of offering around financial wellness is also “the right thing to do.” Financial wellness programs offer solutions for employees to create capacities for managing their everyday finances and saving beyond their workplace savings plans.

WHY FINANCIAL WELLNESS FOR EMPLOYEES

Over time, employees have come to assume more and more of their own benefit expenses. Take health insurance, for example, where many private employers have employees co-pay a portion of their overall health expenses. Likewise, as fewer employers are offering traditional pensions, much of the responsibility of saving for retirement has been shifted to employees through plans like 401(k)s. Over the years, employees have spent hours in “enrollment” meetings learning about

saving and investing for retirement. Even when employees grasp the importance of saving for retirement, in the end, they also know that their money only goes so far.

T. Rowe Price’s most recent Retirement Saving and Spending Study found that among 401(k) plan participants contributing below the maximum contribution, 48 percent said they could not afford to contribute more.⁸ Consumer debt, student loans, and saving for college education were all cited as barriers to saving for retirement, but to a lesser extent.

ENGAGING EMPLOYERS IN FINANCIAL WELLNESS CONVERSATIONS

When offered along with an employer-sponsored qualified retirement plan that is optimized by best practices in automated plan design, a financial wellness program can help employees build emergency savings, better manage debt and budgeting, and build a firmer financial footing that could ultimately result in more successful retirement savers.

For more than 30 years of serving retirement plans, we’ve seen changes in plan design and participant communications make significant headway on retirement readiness. In plans of T. Rowe Price’s clients, we’ve observed:

- Plans that participate in auto enrollment move the needle to an average participation rate of 96 percent.⁶
- Adoption of target-date defaults (95.2% of plans) as part of a QDIA (Qualified Default Investment Alternative) in auto enrollment (96% of plans⁷) has helped solve for age-appropriate asset allocation.
- Auto increase and stretch-match plan design, along with robust participant education has improved participant savings levels to an average deferral rate of 7.3% (pretax) in defined contribution plans.

While automated plans have made it easier for employees to save for retirement, there are instances when employees are still failing to make significant headway in their savings goals. This might be evidenced by multiple plan loans, employees working long past normal retirement age, or participants opting out because of high student loan debt payments. For these employees, a program aimed at developing financial wellness is an additional strategy to further address retirement preparedness.

T. Rowe Price believes that when engaging plan sponsors in initial financial wellness discussions, plan advisors will want to consider the following:

- Is the retirement plan goal to provide income replacement that is superior to an industry average?
- Is the company challenged with attracting and retaining top talent?
- Is the company in a highly competitive industry?
- Does the retirement plan have below average participation, below average savings rates, or above average loan usage?

⁵Ibid.

⁶Of plans that participate in auto enrollment. T. Rowe Price Retirement Plan Services, Inc. as of 9/30/2015.

⁷Of plans that offer TDFs, 96% offer TDFs as Auto-Enrollment. T. Rowe Price Retirement Plan Services, Inc. as of 9/30/2015.

⁸T. Rowe Price Retirement Saving and Spending Study (2015)

The good news is that those surveyed claimed they would save more for retirement if they had the means. Half of plan participants said they were absolutely certain or very likely to increase their 401(k) contributions if they had less debt⁹ and 31 percent said they would save more for retirement if they had an emergency fund.¹⁰

However, we continue to see evidence of Americans struggling with fundamental financial challenges that will result in an inability to save effectively for retirement. For instance:

- 24 percent of Americans' paychecks go to paying off consumer debt¹¹
- 62 percent of Americans can't cover a \$1,000 emergency without borrowing money¹²

Without an emergency fund, some workers are tapping the one place they have been saving—employer sponsored plans. Twenty-four percent of active participants in full service defined contribution plans have loans, totaling 23.4% percent of plan assets, or \$2.78 billion.¹³ While taking a loan from a retirement plan isn't necessarily a bad idea, it does indicate that employees may be using money earmarked for long-term savings to solve shorter-term financial challenges.

Other participant behavior which may indicate the need for financial wellness education could include: hardship withdrawals, auto enrollment opt-out rates, and even employees' communications with human resources or plan call centers regarding financial distress.

HOW ADVISORS CAN LEVERAGE FINANCIAL WELLNESS

Eighty-nine percent of companies surveyed by Aon Hewitt are likely to focus on financial wellness “in a manner that extends beyond retirement decisions.”¹⁴ As the defined contribution marketplace has matured, financial advisors continue to look for ways to expand their services and bring value to retirement plan participants and sponsors.

Auto-services (e.g. auto-enroll, -increase) and QDIAs, e.g. target date funds, have helped plan sponsors get closer to plan goals around participation, savings, and asset allocation. Beyond the retirement plan and through the lens of holistic overall financial health, the advisor has an opportunity to impact an individual's financial prospects on a level that can positively influence their daily well-being.

The advisor can also position financial wellness as a solution to employers who are concerned about employees under financial stress.

There is a large spectrum of financial wellness providers available in addition to an advisor's ability to provide financial wellness through participant education. For example, an advisor may offer pre-retirement education that focuses on health-care costs in retirement or navigating the tax implications of different assets used for income and at the same time be addressing (perhaps along with a service) issues of debt management and spending habits.

We do not believe there is a one-size-fits-all solution for every plan or advisor. We encourage advisors to weigh the following criteria when evaluating financial wellness programs:

HOW WELL DOES A FINANCIAL WELLNESS PROGRAM ALIGN WITH EMPLOYER NEEDS?

Program Content	Does the program's specialization (e.g. budgeting, debt management, general financial knowledge, investment knowledge, large purchase planning, financial planning, estate planning, charitable giving) align with the key needs of the employees?
Engagement Experience	Does the program offer a structured format for employees to follow or a different approach? Can the provider show actual adoption rates with existing clients?
Alignment with Current Retirement Recordkeeper	Does the program integrate with the participant services provided by the plan's retirement recordkeeper?
Reporting & Measurement Capabilities	Can the program provide detailed reporting on usage, impact and progress against agreed-upon organizational goals?

⁹Ibid.

¹⁰Ibid.

¹¹U.S Census Bureau et. al., 2014.

¹²Bankrate.com Money pulse survey. Jan. 7, 2015

¹³T. Rowe Price Retirement Plan Services, Inc. 12/31/2015 (defined contribution plans on OMNI recordkeeping platform)

¹⁴Aon Hewitt 2016 “Hot Topics in Retirement Study”

WHY T. ROWE PRICE?

T. Rowe Price is a valuable resource for Financial Wellness because we offer future-forward thought leadership and solutions to advisors, plan sponsors and individuals. Our decades of experience in helping advisors and retirement plan sponsors have afforded us the opportunity to share our insights and recommendations around healthy financial behavior.

We want to help advisors confidently explain and offer solutions on wellness programs and providers while working with plan sponsors to improve financial fitness and retirement readiness of plan participants. And finally, we aspire to position individuals to invest and retire confidently.

For more on financial wellness, visit troweprice.com/wellnessworks.

INVEST WITH CONFIDENCE®

T. Rowe Price focuses on delivering investment management excellence that investors can rely on—now and over the long term. To learn more, please visit troweprice.com.

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T. Rowe Price Investment Services, Inc.



PITCHPOINTS

Financial wellness programs: an opportunity to differentiate your practice and broaden your reach.

Employers are increasingly seeking to offer holistic financial education that benefits both the employees and the company itself.

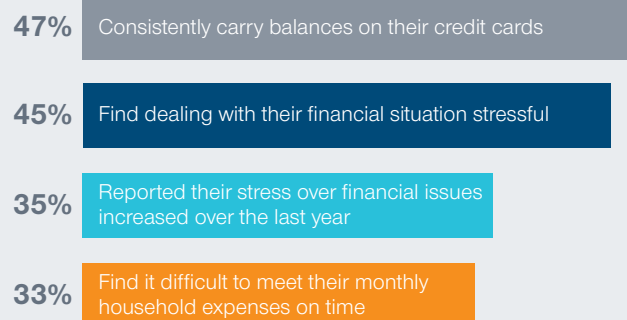
ISSUE RECAP

Financial wellness programs are gaining traction

- More than 29% of sponsors of large retirement plans (5,000+ participants) currently offer a comprehensive financial wellness program (beyond a standard 401(k) education program).¹
- 89% of companies were somewhat or very likely to expand their focus on the financial well-being of their employees in 2016.²
- Financial wellness programs not only help participants save for retirement and improve workplace productivity, but they can decrease related health care costs for employers.²

A PICTURE OF FINANCIAL STRESS

Many Employees See Little Way to Save



Source: PwC's Employee Financial Wellness Survey 2015.

T. ROWE PRICE ANALYSIS

Advisors can enhance their competitive position by addressing the growing demand for financial wellness programs

- In a world of commoditized investment analysis, advisors can demonstrate their added value by defining an approach to financial wellness that goes beyond traditional 401(k) education.
- Advisors can choose to deliver financial wellness programs as part of the services they offer (perhaps in conjunction with other advisors in their practice) or by partnering with providers who offer financial wellness solutions as part of their participant engagement programs.
- Employers recognize the potential benefits of “financially fit” employees—less stress can improve productivity and increased retirement readiness can help reduce the need for older workers (heavier users of health care services) to continue working.
- Employees will appreciate and respond positively to more holistic financial education that is relevant to their unique needs—such as paying down debt, saving for college, or living within a budget.

T. ROWE PRICE SUGGESTS THAT YOU:

1. Determine your willingness to provide and/or partner to deliver a financial wellness program as an extension of your retirement plan services.
2. Prepare to discuss the link between financial wellness, worker productivity, health care costs, and overall retirement readiness with employers.
3. Help employers evaluate their needs for financial wellness across their organization and select solutions tailored to those needs.

¹ PSCA's 58th Annual Survey of Profit Sharing and 401(k) Plans.

² Aon Hewitt.

MAKING IT YOUR OWN

■ Assess The Situation

Financial challenges range widely in terms of cause and potential solution; help the employer assess the needs across their employee population and prioritize to make the most of potentially limited resources.

■ Evaluate Financial Wellness Programs

Do your homework and come prepared to discuss the relative benefits (and costs) of different financial wellness program styles, and how they might best match up to the employer's needs. Be prepared to augment a program with focused communications to demographics of employees who may not fit into the program.

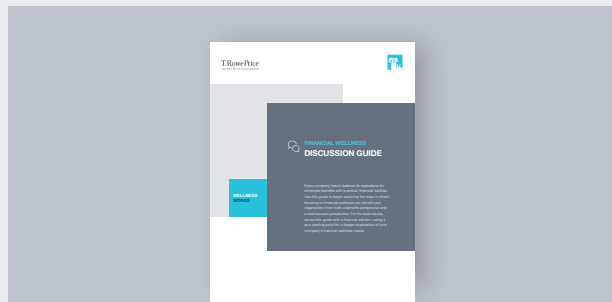
■ Make Your Case

Explain to employers why retirement readiness may be impossible without addressing the real-life financial issues that affect employees. Demonstrate how financial stress can translate into lost productivity and increased health care costs.

NEW TOOLS

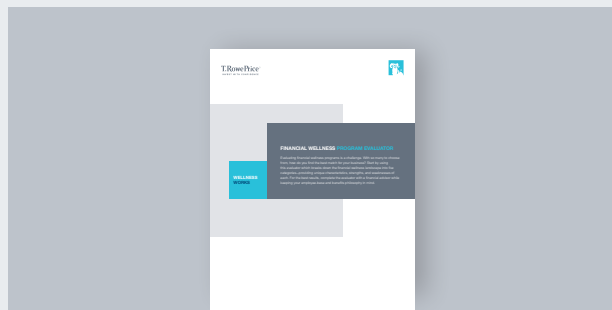
Financial Wellness Discussion Guide

A consultative guide for employers to assess readiness to implement a financial wellness program.



Financial Wellness Program Evaluator

Match employers with the financial wellness program type that's right for their business and their employees.



YOUR TURN

Given what you've learned from this brief, how would you pitch these ideas to a client? Consider the pitch below as a starting point, and then make it your own with relevant stories, analogies, case studies, visuals, questions, etc.

Financial wellness programs are becoming an important part of benefits packages today. There are advantages to both your employees and your company's bottom line. Research has shown that financially fit employees are less stressed and more productive in the workplace. In addition, think about how it could benefit your health care costs 10–20 years down the road if the majority of your employees have saved enough to retire on time.

Let me help you evaluate the needs that your employee base has today, and together we can implement a financial wellness program to address those needs.

YOUR PITCH