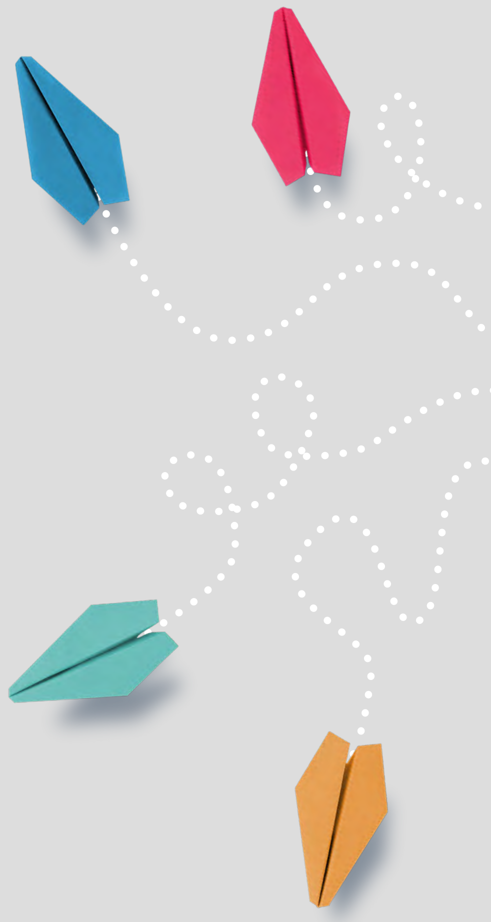
SmartPath

THE FINANCIAL WELLNESS PLAYBOOK

CONTENTS



FROM THE AUTHOR

In 2010, in response to the Great Recession, I left a career at Bain & Company to teach personal finance. My first class started with three couples and we met for four hours. Fortunately, they were impressed and invited others the following weekend. Momentum built quickly and I assumed I could solve the financial health crisis within a few years. I was wrong.

After 20,000 hours of teaching and coaching families on money, I've been humbled by the depth of the problem. Consumerism and broad-based financial health are often at odds. Basic financial literacy remains alarmingly low. Spending is easier than saving. Yet, one group gives me hope - employers.

More and more employers are offering financial wellness programs. They're taking a stand and are among the most objective, trusted messengers. Still, delivering an effective program is hard. Every employee has a unique situation. Vendors have great solutions, but for only part of the problem.

Balancing short-term needs with longer term health gets confusing. In turn, it often feels as if human resource professionals must become personal finance experts to simply offer a solution.

I hope this ebook can help. Our team has segmented thousands of coaching clients into a few personas and provided an extensive playbook to address their needs. Do not feel as if you need to implement all of the suggested solutions. Instead, I hope you view these suggestions as a checklist to build your program, one piece at a time.

This paper could not have been developed without the unyielding support of countless individuals. Their willingness to provide candid feedback and inspiration throughout the process is what made this possible. To each of them:

Thank you.

Sincerely,

Alok Deshpande

INTRODUCTION

> 46% of Americans don't have $400 to cover an emergency.[1]
>
> 54% of employees are stressed about their money.[2]
>
> Employees are spending 20 hours per month dealing with money problems.[3]

Leadership knows the statistics above.

As a result, you've been asked to start a financial wellness program. The challenge is that every 401(k) administrator, retirement plan sponsor, insurance salesman, robo-advisor, student loan consolidator, short-term loan provider, credit repair company, and bank market themselves as "financial wellness." And, at some level, they're all correct. They all play a role in improving financial health. So, how do you cut through the clutter and figure out the right solution, for the right situation, at the right time?

First, let's get real. There is no single solution. Products alone don't change behavior. Self-help programs demo well but don't actually solve problems.

Many employees say they're stressed about money but won't take the required actions to improve. Leadership is supportive but not necessarily providing budget. Implementing an effective financial wellness program is hard. You're facing an uphill battle.

INTRODUCTION

This piece is meant to serve as a guide. We've coached thousands of employees and will lay out what improves financial health, one person at a time. We'll start with an overarching roadmap. Then, we'll address the unique needs of four distinct personas that are in every workplace: Broke Betty, Momentum Mike, Accelerating Alisha, and Finish Line Filipe. Finally, we'll share two solutions that set the foundation for all personas, insurance and investment education, and authentic person-to-person guidance.

We provide many details and, at times, it may feel overwhelming. Just remember, you do not need to implement every solution to get started. Instead, select a few from each section, get feedback and build from there. This is a marathon and your ultimate goal is to offer a program that inspires and enables every employee to achieve their best financial self, when they're ready. You have the power to impact generations.

Let's dive in!

Our Framework:

1	ADOPT A FINANCIAL ROADMAP
2	SOLVE REAL PEOPLE'S PROBLEMS BROKE BETTY · MOMENTUM MIKE · ACCELERATING ALISHA · FINISH LINE FILIPE
3	COMPLEMENT INSURANCE AND INVESTMENTS
4	GIVE AUTHENTIC, HUMAN SUPPORT

1 ADOPT A FINANCIAL ROADMAP

Start your program by adopting a financial roadmap. Roadmaps make it easy for any employee to know where they are and what steps they should take next. They also establish a vocabulary inside your organization that makes it easier to talk about money.

Weight Watchers, P90X, South Beach Diet, and countless self-help programs prescribe specific roadmaps. They intentionally remove the guesswork so users can focus 100% of their energy on execution.

FUEL and the 7-Tank System™ is an example of SmartPath's financial roadmap. It starts by encouraging employees to build financial FUEL (calculated as monthly income minus expenses) and then use that FUEL to fill the 7 Tanks in order:

1. CONTRIBUTE UP TO THE COMPANY MATCH FOR RETIREMENT
2. SAVE A 1-MONTH EMERGENCY FUND
3. PAY OFF BAD DEBT
4. GROW EMERGENCY FUND TO COVER 3-6 MONTHS
5. CONTRIBUTE 20% OF GROSS INCOME TO RETIREMENT
6. SAVE FOR CHILDREN'S COLLEGE
7. LIVE YOUR BUCKET LIST

FUEL and the 7-Tank System work. Other roadmaps, including Dave Ramsey's Baby Steps and SunTrust's 8 Pillars work, as well. In fact, nearly every financial roadmap works if the employee follows it. Adopt one you follow. Then, turn your attention to the immediate needs of each persona along their journey.

2 SOLVE REAL PEOPLE'S PROBLEMS

Every one of your employees lives a unique financial reality. Some get calls from collection agencies, while others field pitches from investment advisers. Some struggle with student loans, while others worry about paying for their children's college. Some own their home and pay cash for cars, while others rent and lease. The number of financial situations within your company can feel daunting. Segmentation will help.

Initially, create simple segments you can target. Then, establish personas that represent each segment. SmartPath leveraged thousands of coaching clients to establish our own four personas: Broke Betty, Momentum Mike, Accelerating Alisha, and Finish Line Filipe. For each persona, we share their financial situation, a clear vision of progress and financial wellness tools that can help.

Let's start with Broke Betty. She, alongside 60% of the population[4], is at ground zero.

Broke Betty

Momentum Mike

Accelerating Alisha

Finish Line Filipe

BROKE BETTY

SPENDS MORE THAN SHE MAKES

NO EMERGENCY FUND

HARDSHIP LOANS

HAS $4,500 IN CREDIT CARD DEBT

Broke Betty is single and in her mid-20s.

She has negative $250 of "financial FUEL" most months. On average, she earns $3,650 after taxes and spends close to $3,900. This gap has led to no savings, $4,500 of credit card debt, and several past due medical bills. Sure, Betty wants to pay off the debt and build an emergency fund, but she doesn't have the money. Each month feels worse than the last. She's keenly aware of the overdraft fees, low account balances, and deferred payments. She knows this path isn't sustainable. Still, she doesn't see a clear solution. Broke Betty is stressed.

ALL ABOUT BROKE BETTY

Broke Betty will not directly share her situation. Instead, you'll need to find her. Start by targeting employees with the following characteristics:

- Younger 20-30s
- Outstanding 401(k) loans
- Hardship loans

What defines progress for Broke Betty?

Betty needs positive financial FUEL, period. Even experiencing less negative FUEL for one month will move her in the right direction. And, to build FUEL, Betty only has two options: make more or spend less.

> "To build FUEL, Betty only has two options:
> make more or spend less.

Most families turn the corner with a combination of those two. They find ways to add a few extra hours or a side gig while reducing various expenses. Still, it's important to note that cutting costs is exponentially harder for lower income households. Barbara Ehrenreich's 2014 Atlantic article, *It is Expensive to be Poor*, does a masterful job showing how structural barriers can impede even the best of intentions when it comes to being "frugal."

So, which financial wellness tools can you provide to help Broke Betty? Let's explore.

FINANCIAL WELLNESS FOR BETTY

Increase Income

Betty needs to make more money each month. Part of the solution is Betty's responsibility while the rest involves an employer creating opportunities. First, Betty must commit to 55. This is the number of hours per week Betty needs to work toward earning money. If 55 is unrealistic, try 50. If 50 is too much, start with 41. For now, Betty must invest more of her time toward making money to get over the hump and build positive financial FUEL. Once she commits, your financial wellness programs can provide guidance and opportunities. Here are a few ways you, as an employer, can help Betty make more.

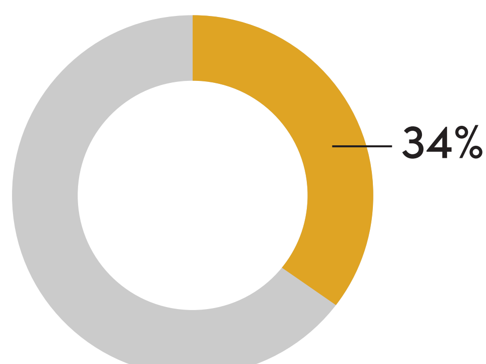
- **Easy overtime**: If overtime is ever available, make it easy for Betty to engage. If you expect overtime, get the word out. Speak directly to Broke Betty on how overtime can immediately impact her FUEL. Overtime can be a win-win for the employer and Betty.

- **Side hustles**: Betty may need to look outside of her employer and into "gigs" for extra income. According to Forbes, more than one-third of U.S. workers are part of the gig economy[5]. Gigs include freelance opportunities such as Uber, Lyft, Etsy, Instacart, Doordash, and Upwork. Apps like Steady make finding gigs easier. Gigs are part of the future, and, for Betty, should be part of her present.

- **Cashing in PTO**: Paid time off (PTO) can be a great way to recharge. However, for Broke Betty, taking more time off often leads to more spending and less earning. In the short term, Betty may need cash more than PTO. While tax consequences should be highlighted, their impact is often far less than the cost of recurring debt.

- **Education / skills training**: Betty's ideal long-term solution is to earn higher wages. Multiple research studies show that higher education leads to higher wages and productivity[6]. Tuition reimbursement programs or creating time for Betty to participate in free online education will allow her to work toward a permanent increase in her income. Explore partnerships with Coursera, Udemy, Edx, and lynda.com to give Betty the skills she needs to compete for the long term.

AMERICAN WORKERS WITH SIDE GIGS



TJ McCue. "57 Million U.S. Workers Are Part Of The Gig Economy." Forbes. Aug 31, 2018.

FINANCIAL WELLNESS FOR BETTY

Cut expenses

The second option for Betty to build FUEL is cut her expenses. Betty's core expenses include rent/mortgage, utilities, cell phone, insurance, transportation, food, and medical. She also has discretionary expenses; however, helping Betty reduce her core costs will have a positive spillover effect on the overall budget. Here are a few ways employers can help Betty reduce expenses:

- **Discount programs**: Large companies can leverage their buying power to benefit Betty. They can utilize established programs such as Beneplace or Access Perks or create their own deals. The key for employers is to make sure (1) the discounts help Betty with her core costs (not just discretionary wants) and (2) the discounts are true deals. Periodically test the discounts to see if they accomplish both objectives.

- **HSAs and wellness perks**: Employers making contributions to Betty's HSA for completing her wellness assessment is powerful. This perk helps Betty and the employer. If utilization is low, double down on marketing. Helping offset rising healthcare costs enables Betty to save more.

- **Subsidized child care**: In 2018, the average cost of childcare in the U.S. was $914 per child per month. That's the equivalent of $14,618 in pre-tax earnings![7] Childcare is among the most expensive items in Betty's budget. Offering dependent care spending assistance plans (DCAP), at a minimum, can allow her to pay through pre-tax dollars.

- **List of simple savings**: MintMobile recently offered a cell phone plan for $15. Cutting cable and using internet content with Roku, Amazon Firestick or Apple TV can save $50-$100 per month. Shopping auto insurance every six to 12 months ensures Betty is getting the best deal. Find simple, accessible opportunities to save and make a list. Then, have your CHRO send out that list to reinforce the company's commitment to financial health.

AVERAGE COST OF US CHILDCARE

	AVERAGE MONTHLY COST	PRETAX ANNUAL WAGES
2014	$814.04	$13,025
2015	$848.68	$13,579
2016	$913.63	$14,618
2017	$913.63	$14,618
2018	$913.63	$14,618

"This is how much child care costs in 2019." Care.com. July 15, 2019.

FINANCIAL WELLNESS FOR BETTY

Avoid more debt

Increasing income and cutting expenses will help Betty get to positive financial FUEL. Change will not happen overnight. Instead, life happens. Bills happen. Birthdays happen. Holidays happen. Emergencies happen.

When they do, it's critical that Betty doesn't go deeper into debt. So, what are her alternatives? Here are some options employers can explore to limit Betty's short- and long-term dependence on credit:

- **Cashing in the PTO**: We reviewed this in the income section above. In the short term, Betty needs cash, not PTO. Don't overthink this. Allow her to get the cash she needs to avoid more dangerous traps.
- **401(k) / 403(b) loans**: In a perfect world, employees would not borrow from their retirement savings. Betty's world is not perfect. She's going deeper into debt each month, and her options are often limited. Retirement plan loans allow Betty to borrow from herself. These loans are the cheapest sources of cash and, while conventional wisdom discourages borrowing, they're far better than the alternatives. Employers providing limited retirement plan loans, coupled with the tools above, give Betty a lifeline during her "broke" years.
- **Purchase programs**: Betty will need (and want) various consumer products along her journey. If she's cash poor and has poor credit, she will lean on predatory debt to fulfill her needs. She won't talk about it, but it's happening. Purchasing programs such as Purchasing Power allow Betty to use payroll deduct instead of revolving credit. On average, products are priced 30% higher to offset the risk. Still, using these programs is a better stopgap for Betty if she can't pay cash or avoid the expense. The keys for employers implementing these programs is to ensure responsible limits, be clear on the tradeoffs (e.g., pricing) and encourage Betty to get positive FUEL, so she has better options.

> "Change will not happen overnight. Instead, life happens. Bills happen. Birthdays happen. Holidays happen. Emergencies happen.

FINANCIAL WELLNESS FOR BETTY

- **Early access to pay**: Earnin, PayActiv, Salary Finance, and FlexWage are among a new set of tools that give employees early access to earned wages. These tools allow Betty to avoid expensive payday loans, title loans, overdraft fees, and a range of predatory financing. That's positive. At the same time, these tools alone don't change Betty's financial picture. She'll still struggle with building financial FUEL unless she's simultaneously increasing income and cutting expenses. With that in mind, employers should set limits on payday advances while providing tools to help Betty graduate from needing early access.

- **Hardship funds**: Great companies have great cultures. Employees want to help one another. They empathize with Betty's situation and chip in to help her tackle financial challenges. Hardship programs, sometimes called "pass the hat," send a powerful message to contributors and recipients that the company is a true family. Employers should continue these programs and, when Betty needs a few extra dollars, attach a note to the funds that says, "Financial independence is well within your grasp. Hope this small contribution helps you through the rough times."

Start budgeting

The last step to help Betty increase her financial FUEL is encouraging her to track progress. She'll need a simple way to track her financial FUEL and lots of encouragement along the way. Some people are great at sticking to a budget. Unfortunately, Betty isn't one of them. She's tried to budget, but found herself falling off the wagon repeatedly. With that in mind, here are a few tips and tools you can suggest to help Betty track her money:

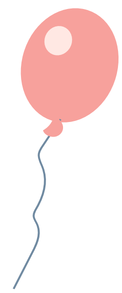
- **Focus on frequency, not amount**: Betty has historically been told to set a budget that tells her how much she can spend by category (e.g., $300 for groceries, $100 for entertainment, etc.). Consistently keeping track of the amount in each category can be overwhelming. Instead, Betty can focus on frequency and get similar results. For example, instead of budgeting $300 on groceries, Betty can count the number of times she goes to the grocery store. If she goes two to three times per week, cut it back to one to two times per week. Sure, she'll buy more each visit but, overall, we've seen that Betty spends less. More importantly, reducing frequency is a metric that Betty can easily track and change.

FINANCIAL WELLNESS FOR BETTY

- **Go all cash**: Cash is hard to hide. Betty will see cash leaving her hand. Encourage Betty to autosave 1% of her paycheck and use cash for as many expenses as possible. She can set aside rent, utilities, and other auto-bills. The remainder of her expenses, such as eating out, groceries, gas, etc. should be all cash. Yes, it's less convenient. At the same time, it makes spending harder – a welcome barrier when she's trying to save money.

- **Budgeting apps**: There are over 30 budgeting apps. One app is not better than the other. Instead, some apps are right for some people. Provide a list of budgeting apps with pros/cons of each to help Betty find what's best for her. She may need a simple app from her bank, a middle-tier app such as GoodBudget or UnBudget or something more full featured such as YNAB or Mint. The choice is hers. You should simply encourage her to use one.

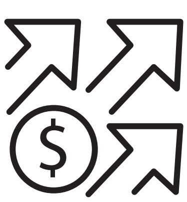
It takes six to 12 months for Broke Betty to have consistent, positive financial FUEL. While each situation is unique, the tools above will give her the power to make progress and ultimately graduate to becoming "Momentum Mike."



INCREASE INCOME	CUT EXPENSES	AVOID DEBT	START BUDGETING
1. Easy overtime 2. Side hustles 3. Cashing in PTO 4. Education / Skills training	1. Corporate discount programs 2. HSA / Wellness perks 3. Subsidized child care 4. Simple savings tips	1. Cashing in PTO 2. 401(k)/403(b) loans 3. Purchase programs 4. Early access to pay 5. Hardship funds	1. Frequency, not amount 2. Go all cash 3. Budgeting apps

MOMENTUM MIKE

- SAVES A LITTLE EACH MONTH
- $8,000 IN BAD DEBT
- SMALL EMERGENCY FUND
- LOW 401(k) CONTRIBUTIONS



Momentum Mike is in his mid-30s and finally over the paycheck-to-paycheck-hump (although he may not feel like it).

His monthly financial FUEL is positive. It's not the recommended 10% of take-home pay, but it's consistent, and he's getting closer. He's committed to getting out of debt and has extra money each month to achieve that goal.

ALL ABOUT MOMENTUM MIKE

Where can you find him?

Momentum Mike is excited about his progress, but still will not openly share his situation. Still, you can look for the following characteristics:

- Middle age 30-40s
- Low retirement contributions
- Lower cost insurance plans and claims

What defines progress for Mike?

Mike must see some debt get paid down. The faster that happens, the more he'll commit to the process. Highlight the financial wellness tools you've provided Broke Betty to help Mike save more and go faster. Additionally, you'll need to provide resources that help him commit to a strategy, accelerate paying off the debt and, lastly, avoid the numerous traps that can set him back.

Accordingly, here are the financial wellness tools that can help Momentum Mike:

> "The faster his debt gets paid down, the more he'll commit.

FINANCIAL WELLNESS FOR MIKE

Commit to a strategy

Mike's journey must start with a strategy that outlines how he'll pay off his debt. First, he'll need to make sure he's paying all his bills on time to avoid unnecessary fees. Then, his specific strategy should tell him to which debt he should apply his financial FUEL. Mike will get a wide range of opinions from vendors, friends, cousins, co-workers, religious leaders, and more on how to do this. Not all strategies make sense. With that in mind, here are a few ways you can help Mike define his strategy:

- **Educate him on his options**: There are two primary methods for paying off debt – snowball and avalanche. The "snowball" method suggests Mike pay down debt from smallest balance to largest. This strategy helps Mike get quick wins and build positive momentum. The "avalanche" method suggests Mike pay down debt from highest interest rate to lowest. This strategy helps Mike save money. Both strategies work if Mike follows through. Teach him about them through online education, live classes, and your EAP. Keep it simple and continue to reinforce the same two strategic options. Force Mike to make a decision and get moving.

DEBT PAYOFF STRATEGIES

SNOWBALL METHOD

Build momentum by paying off debt in order of balance from smallest to largest.

AVALANCHE METHOD

Pay the least interest by paying off debt in order of interest rate from highest interest to lowest.

- **Provide simple payoff calculators**: Simple Excel sheets from Vertex42 or Tiller enable Mike to enter his various debt types, balances, and interest rates and see the two strategies above. These powerful tools give Mike a roadmap to becoming debt free. For this step, avoid recommending full-featured personal financial management systems. Instead, Mike needs to get focused and simple is better.

Accelerate pay off

Once Mike commits to a strategy, help him execute. Your guidance will vary by the type of debt. Let's explore two major segments:

FINANCIAL WELLNESS FOR MIKE

- **Student loan programs**: Total student loan debt is nearing $1.5 trillion and has become a national crisis[8]. Employers are searching for ways to help while managing costs. Here are the primary options for employers:

    - **Education / coaching**: Student loans are complex. There are 10 different types of loans (direct, FFEL, subsidized, unsubsidized) and eight different payoff options (e.g., IBR, PAYE, REPAYE, graduated, etc.). In total, there are hundreds of different strategies Mike can take to pay off his student loans. Mike will need help evaluating these options. You can contract with student loan companies or hire internally. Either way, student loan education and coaching will set a strong foundation.

    - **PSLF campaigns**: Non-profit employers that qualify for Public Service Loan Forgiveness (PSLF) should deliver massive campaigns that explain the program to employees. These campaigns should clearly outline how to qualify for PSLF, the annual process, and immediate next steps. Don't be shy. Educating employees on student loans forgiveness is at the core of financial wellness.

- **Loan refinancing**: Partner with companies such as SoFi and CommonBond to offer education and potential refinancing. These organizations can help Mike save money by refinancing his loans to a lower interest rate. If employers pursue these partnerships, it's important to couple those programs with independent counseling to help Mike know if refinancing makes sense for his situation.

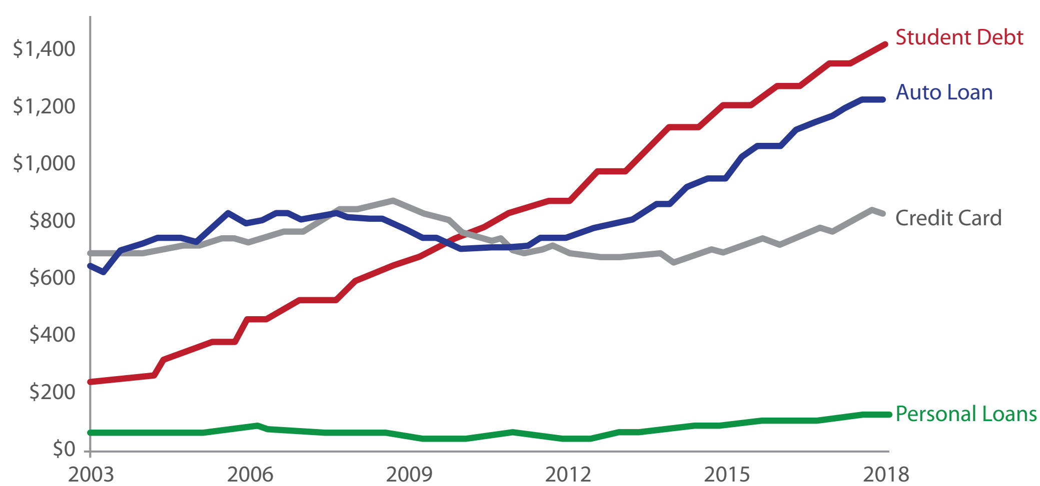
- **Make contributions**: Your last option to help Mike with his student loans is to make payments directly. The U.S. House recently proposed the Employer Participation in Repayment Act that would allow employers to make tax-free contributions toward employee's student loans[9]. These payments directly help Mike pay down his student loan debt. At the same time, this is an expensive benefit and may not be feasible for all employers.

> "In total, there are hundreds of different strategies Mike can take to pay off his student loans

FINANCIAL WELLNESS FOR MIKE

- **Programs for all other debt (credit cards, tax debt, medical, etc.)**: While student loans dominate the headlines, other types of debt may be the primary stressor for Mike. A study by the Federal Reserve showed that 46% of people cannot afford a $400 emergency[10]. By definition, that means these individuals are resorting to credit cards and other debt to deal with life's curve balls. In fact, credit cards, personal loans, and auto loans have risen since 2014[11]. You must address these forms of debt in your financial wellness program to reduce stress. Here are the primary options for addressing other debt as part of the solution.
- **Detailed education**: Mike needs to know his options for each type of debt. He's committed to paying it off and wants to know how. For credit cards, he should stop using them and pay more than the minimum. For tax debt, he needs to contact the IRS to explore payment plans. For medical debt, working with the providers will be far better than allowing it to go to collections. Mike needs unbiased education for each type of debt. Employers can provide online and live debt education. The key with these programs is to avoid making Mike feel shameful for attending. Encourage leadership to provide this education at existing "all hands" type meetings, so Mike learns without being singled out.

TOTAL DEBT OF HOUSEHOLDS (TRILLIONS)



FRBNY Consumer Credit Panel / Equifax.

FINANCIAL WELLNESS FOR MIKE

- **Debt management programs**: In some situations, Mike needs more hands-on guidance and accountability. He may have multiple credit cards, some tax debt, piling medical bills, and a personal loan. It's overwhelming, and he'll struggle to make progress on his own. Accordingly, establish relationships with reputable non-profit debt management programs such as Money Management International (MMI) to provide direct counseling and support.

- **Refinancing / balance transfer**: Mike may receive offers to refinance his high-interest debt to a lower interest loan. For example, he could use a personal loan with a 10% interest rate to pay off credit card debt that carries a 29% interest rate. As a result, he could save time and interest. Similarly, he may receive balance transfer offers to move from a high-interest credit card to a lower interest card. These offers are helpful, assuming Mike has consistent financial FUEL and stops using credit. Unfortunately, a recent study from Georgia Tech revealed that a vast majority of individuals who refinance debt end up with more debt after two years[12]. Accordingly, it's critical to stress the importance of maintaining financial FUEL and avoiding debt as part of any refinance option.

Avoid traps

With a strategy and tools to accelerate paying off the debt, Mike is on his way. Still, the sharks are out. He'll need to be cautious with a range of solutions that sound great, but come with risks.

- **Debt settlement**: If Mike's debt exceeds certain thresholds (e.g., $10,000), he may be tempted to settle. Debt settlement programs will negotiate a settlement on behalf of Mike in exchange for a percentage of the savings. These programs can generally save Mike 25% of his debt balance if he sticks to their exact process. Unfortunately, Mike may miss a payment or requirement and ultimately lose the money he's paying the organization with little progress to show. Make Mike aware of the risks and lack of regulation with these programs and, if possible, provide alternatives to avoid making the situation worse.

HIGH INTEREST LOANS	ESTIMATED APR*
Payday loans	**400%**
Buy Here, Pay Here	**25%**
Refund anticipation loans	**200%**
Title Loans	**300%**

APRs vary by lender. Examples provided based on 3-5 quotes for each loan type.

FINANCIAL WELLNESS FOR MIKE

- **Student loan deferment or forbearance**: Mike may consider deferment or forbearance of his student loans to focus on paying down other debt. This strategy can provide temporary relief, but ultimately leads to higher balances and more stress. Instead, encourage Mike to explore income-driven repayment plans that work toward forgiveness. Sure, he may have a small payment but, he's also receiving credit toward a longer-term strategy.

- **High-interest loans**: Payday loans, title loans, refund anticipation loans, pawn loans, buy-here-pay-here and rent-to-own carry interest rates well over 100%. Still, they can feel like a lifeline when other options are unavailable. Educate Mike on solutions outlined in the "Avoid More Debt" section above. Avoid judging his decisions and, instead, give him alternatives.

On average, Momentum Mike households have $36,000 of bad debt[13] and $400 of positive monthly financial FUEL. Accordingly, it will take three to five years to pay off all the debt. If he wants to get rid of the debt faster, he'll need to use the tools from Broke Betty to create more financial FUEL. Either way, encourage, congratulate, inspire and support him through the journey and soon you will see Momentum Mike's graduating to the world of "Accelerating Alisha."

COMMIT TO A STRATEGY

1. Education on snowball vs. avalanche methods
2. Tools to show him which debt to pay first

ACCELERATE PAYOFF

1. Student loan programs
2. Education by debt type
3. Refinance / Balance transfer education
4. Debt management programs

AVOID TRAPS

1. Debt settlement
2. Student loan deferment / forbearance
3. High interest loans

ACCELERATING ALISHA

$10,000 EMERGENCY FUND

NO BAD DEBT

HOMEOWNER

HIGH 401(k) CONTRIBUTIONS

STRONG RETIREMENT SAVINGS

Accelerating Alisha is in her 40s and has a family.

She's saved $10,000 for an emergency fund and has no bad debt. She's done a good job with retirement savings, but is not sure she's saved enough. She's thinking about refinancing the home, the kids' college, aging parents, and a range of needs and wants for the family. Life is happening fast, and each month feels like a financial grind.

Money is stressful for Alisha. She knows the sky is not falling, but each decision requires her mental energy and can be distracting at work.

ALL ABOUT ACCELERATING ALISHA

Where can you find her?

Accelerating Alisha is confident about finances but, at the same time, keeps her money private. Accordingly, you can look for the following characteristics to find her:

- Middle age 35-50s
- High retirement contributions
- Homeowner

What defines progress for Accelerating Alisha?

Alisha needs to know she's on track and, if needed, where she can improve. She needs validation that she's made good choices and is on the right path. In some situations, Alisha may need help getting her and her partner on the same page with money. In addition, she'll need objective guidance on key financial decisions.

With that in mind, provide Alisha with objective resources on upcoming financial decisions. She needs a safe place to ask questions, get information, and build confidence.

> "general advice to spend less, save more and pay off debt will not be appealing.

Here are financial wellness tools you can provide to Alisha:

***Note**: The Accelerating Alishas in your organization can be inspiring figures. They've made good financial choices. They want to go from good to great. They still have financial stress because they have high expectations of themselves. At the same time, they're happy to share their stories and inspire others to get on track with money. They want to help. Enlist them.*

SmartPath

FINANCIAL WELLNESS FOR ALISHA

Make good choices on life events

Alisha needs guidance on how to make good choices for key life decisions. General financial advice to save more, spend less, and get out of debt will not be appealing or effective. Instead, helping Alisha break down complex choices into step-by-step instructions will help. Here are a few key decisions and frameworks you can explore:

- **Homeownership / refinancing**: Alisha may be trying to upsize, downsize, buy her first home, or refinance her current mortgage. She'll receive offers from lenders and brokers willing to help. The offers sound great, but it's hard for Alisha to differentiate. Moreover, she wants guidance on how to make the decision and how it will impact the rest of her finances. Simply put, Alisha wants to be confident that she's making the right choice. Accordingly, home ownership education should help Alisha understand:
    - When she's ready to buy or refinance – it's not always the right move
    - How much she can afford – it's less than her "pre-approval"
    - Pros and cons of the types of loans – fixed rate loans provide more stability
    - Key things to watch out for during the process
- **Buying a car**: In most cities, Alisha will buy a car every seven to 10 years. Car buying can be gut-wrenching. Often, just the thought of going to a dealership will increase her stress. She'll need to choose new or used, buy or lease, gas or electric, color, make, model, features, price, and the list goes on. The process is exhausting. You can help with simple, objective car-buying education that includes:
    - How much she can afford for the car and total monthly transportation costs
    - How depreciation works and why it matters
    - Buying vs. leasing
    - Key things to watch for at the car dealerships including expensive "add-on" (e.g., GAP insurance, extended warranty, etc.)
    - Tools and alternatives to traditional car buying (e.g., Carvana, True car, etc.)
    - Note: If employers have a Vehicle Purchase Program (VPP), they must ensure the deals are superior.

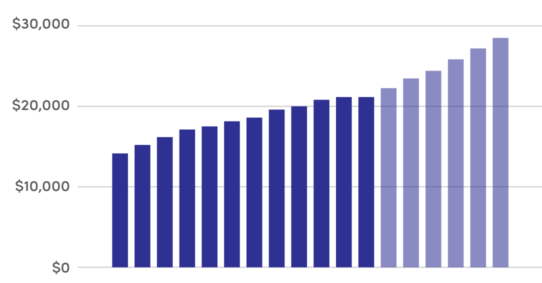
FINANCIAL WELLNESS FOR ALISHA

- **Aging parents**: Alisha's parents are showing signs of aging that impact their mobility, memory, and overall confidence. They may not be officially diagnosed with a disease, but she sees the symptoms. She's concerned about their health, quality of life, and finances. Potential medical costs for care, senior living, procedures, and support feel infinite. You can help with education that walks Alisha through different scenarios for her parents, including:
  - Understanding how Medicare A, B, C, D, and Medigap work and the associated costs
  - The costs and options for long-term care such as assisted living and nursing homes
  - The role of Medicaid for elders with limited assets
  - The required estate planning documents and services such as Everplans, LegalShield and Willing that make it easier
  - The role of innovative services such as Papa to provide companionship and enhance mental health

- **College education**: Average college tuition for Alisha's children will reach $28,600 per year by 2025[14]. Private schools could cost three times that amount. At the same time, Alisha is constantly reminded about rising student loan debt. She can't save $250,000 to send both her kids to college but, feels she's failing her children if she doesn't help fund their education. Alisha needs a strategy. You can help with education and support that includes:
  - Understanding college costs for in-state and out-of-state schools
  - Guidance on acceptable student loan debt for different professions (e.g., physician, lawyer, architect, developer, etc.)
  - Scholarship opportunities
  - Understanding 529 and Coverdell college savings plans
  - Having conversations with children on how to incorporate costs in their college decisions

ANNUAL COST OF PUBLIC 4-YR COLLEGE

In-state tuition, fees and housing



College Board, Annual Survey of Colleges, NCES, IPEDS Fall Enrollment data.

FINANCIAL WELLNESS FOR ALISHA

Get aligned with partner on money

Once Alisha knows how to evaluate complex financial decisions, she'll need to get aligned with her partner. Unfortunately, they have vastly different beliefs about money. Alisha comes from a family of savers. Her partner's family rarely had money, and assumed debt was a part of life. As a result, they often argue about finances, which adds to Alisha's stress. You can help with tools and resources designed to improve money and relationships, including:

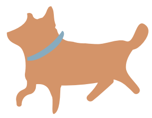
- Financial counseling through your EAP or specialty providers through the Financial Therapy Association
- Couples budgeting apps including HoneyDue, AskZeta, and HoneyFi
- Education on how to balance collective goals, individual freedom and shared control

Start with a financial advisor

Education and tools are a great start, but won't be enough for Alisha long-term. Money gets complex. Math is hard. Staying accountable is even more difficult. And, being in a relationship makes the process exponentially more challenging. Alisha needs a financial adviser.

Unfortunately, she doesn't have enough assets to get help from traditional wealth advisers, and most others will try to sell her a product.

So, where can she turn? In the final section, we'll tackle this question head-on. Finding objective financial support will be a major step for Alisha to make sure she stays on track as she graduates to the world of "Finish Line Filipe."



MAKE GOOD CHOICES

1. Homeownership / refinancing education
2. Car buying workshop
3. Managing aging parent finances education
4. Paying for college education

ALIGN WITH PARTNER

1. Financial counseling
2. Couples budgeting apps
3. Education on collective goals, individual freedom and shared control

START WITH ADVISOR

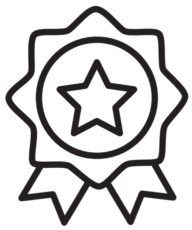
1. Unbiased support
2. Fiduciary
3. No account / asset minimums

FINISH LINE FILIPE

50+ YEARS OLD

EMPTY NESTERS

STRONG RETIREMENT SAVINGS



Finish Line Filipe is in his 50s and is nearing retirement.

He’s excited about the next phase of his life. He and his partner have saved throughout their career across multiple types of accounts. They have three grown children, although one still lives at home. He knows they’ve saved for retirement, but not sure it’s enough. He's excited about traveling, but also concerned about what will happen in various scenarios, especially with their health. Filipe is anxious about retiring. Leaving a steady paycheck feels daunting.

ALL ABOUT FINISH LINE FILIPE

Where can you find him?

Finish Line Filipe is easier to find. He has questions about retirement and is willing to engage. In addition, you can look for the following characteristics:

- 50-plus years old
- High retirement contributions
- Potential catch-up contributions

What defines progress for Finish Line Filipe?

Filipe needs a clear plan for retirement. He needs to be confident that when he retires, he won't run out of money. In addition, he needs guidance on how life will work in retirement, how they'll address potential health issues and resources for ongoing support. When Filipe and his partner can smile openly about the next stage of their life with few worries, they've made progress.

Here are some financial wellness tools you can provide to help Filipe:

> "Filipe's three biggest fears for retirement are recessions, healthcare and identity theft.

FINANCIAL WELLNESS FOR FILIPE

Define a path to retirement

Filipe needs to know when he can retire. If he's off-track, he needs steps to get there. At this stage, it's critical he gets clear, jargon-less information. Accordingly, you can provide the following to assist:

- **Education**: Filipe needs a framework to make sense of living life without a paycheck. Simply put, he needs to know that his future income will exceed his expenses for life. Keep this content very basic and high level and allow him to ask questions to dive deeper.

- **Consultation**: Filipe wants to talk to a person. He's making a major life choice and articles, videos and calculators alone won't suffice. Fortunately, most retirement plan vendors such as Alight, Fidelity, Vanguard, and Financial Engines offer phone consultation. Generally, these conversations focus on Filipe's retirement assets at his current employer (401(k), pension, etc.). That's a good start. Additionally, encourage vendors to discuss other topics such as Social Security, healthcare expenses, and assets outside the plan to give Filipe a complete picture. Ultimately, make sure Filipe has access to guidance that incorporates all his sources of income and expenses — not just the money at his current employer.

- **Calculators**: Filipe needs to see the numbers. Too many numbers may be overkill. With that in mind, simple calculators that show on-track vs. off-track will be a great foundation to start a conversation. Deeper calculations that run multiple simulations are a bonus, but likely will be overwhelming for most. It's important that the calculators align with the education. In fact, incorporate videos and live support to teach Filipe how to use the calculators and make sense of the output.

Temper fears

- Filipe's three biggest fears for retirement are potential recessions, healthcare, and identity theft. With all three, it's hard for him to comprehend the impact. He saw friends lose 37% of their retirement savings during the 2008 recession[16]. He's seen other colleagues spend over five years in a senior living community that cost $6,000 per month. And, he's heard stories about how bad actors are increasingly using the internet to prey on the elderly. All these fears are real. Tackle with the following:

FINANCIAL WELLNESS FOR FILIPE

- **Recession reviews**: The U.S. has faced 13 recessions since the Great Depression[16]. On average, the U.S. stock market has remained flat during those recessions (in some years, it's gone up). Filipe needs to see this data. While this knowledge won't eliminate his fears, it can temper how he views the ups and downs of his investments during retirement.

- **Retiree healthcare forums**: Medicare and Medicaid are complex. Provide on-site sessions regarding healthcare for retirees. These sessions should include qualifications, enrollment, and most importantly, estimated costs. These sessions are often packed. Filipe knows healthcare will be a major aspect of his retirement.

- **Identity theft protection:** The internet did not exist until Filipe was well into his 30s. Understandably, he has numerous data and online privacy concerns. Recent, high-profile breaches only heighten that fear. Filipe can freeze his credit for free and further protect himself through LifeLock or other similar vendors for a nominal fee. Filipe's piece of mind is worth it.

IMPACT OF RECESSIONS ON US STOCK MARKET

Recession (duration in months)	**Stock Market Impact**
1937 (13)	-23.40%
1945 (8)	16.30%
1948 (11)	10.70%
1953 (10)	18.90%
1957 (8)	-5.70%
1960 (10)	10.00%
1969 (11)	-1.00%
1973 (16)	-6.60%
1980 (6)	6.80%
1981 (16)	9.10%
1990 (8)	0.00%
2001 (8)	0.00%
2007 (18)	-36.30%
Average (11)	-0.09%

DJIA historic data; National Bureau of Economic Research.

Preview financial needs during retirement

As Filipe gets closer and closer to retirement, he'll be a sponge for information. He's excited to start this new chapter and, at the same time, concerned about where he'll go for ongoing questions. You can help ease this transition by providing education and tools that address the following:

FINANCIAL WELLNESS FOR FILIPE

- **Withdrawal strategies**: Filipe wants to know how to minimize taxes as he withdraws from retirement accounts. He'll also want a better understanding of required minimum distributions. He's done very well saving and is focused on spending. Providing high-level strategic options for withdrawing funds will help start his education.

- **Estate planning**: Filipe may pass down assets to his children. He'll want to understand the financial and emotional aspects he should consider. Wills, advanced healthcare directives and financial power of attorney are critical. As previously mentioned, resources such as EverPlan, LegalShield, and Willing can help him get organized and on the right path.

- **Insurance review**: Filipe may be able to drop some of his insurance policies. His needs have changed. Risk has changed. Accordingly, show him how to re-evaluate his income replacement needs in light of this new phase of life.

Find an unbiased financial advisor

Filipe's final need is an unbiased, fiduciary financial adviser. He's thought about it in the past, but the need is moving from important to urgent. He's worked his entire life to stay out of debt, invest in his children, and save for retirement. Now, reality is setting in, and he wants a sounding board. Similar to Alisha, we'll tackle the options for financial coaching and advising in the final section. Just know that, even with a perfectly designed financial wellness program, Filipe will want to talk to someone about money.

DEFINE A PATH	TEMPER FEARS	PREVIEW NEEDS	FIND ADVISOR
1. Education on "retirement readiness." 2. Simple calculators 3. Human consultations	1. Recession reviews 2. Retiree healthcare forums 3. Identity theft protection/ education	1. Withdrawal strategies 2. Estate planning 3. Insurance review	1. Fee-only 2. Fiduciary 3. No product sales

TAKE A BREATH!

Congratulations! At this stage, you've given your employees an overarching strategy and support for their immediate financial needs.

You've provided the education, tools, and products that relieve Betty, Mike, Alisha, and Filipe's immediate stress.

You've built trust and are ready to tackle the final elements of a holistic financial wellness program — insurance, investing, and authentic human support.

3 COMPLEMENT YOUR INSURANCE AND INVESTMENTS

Comprehensive financial wellness includes insurance and investments. Yes, these are commonplace at employers. Still, they're an enormous part of financial health. Insurance for health, dental, vision, life, disability, critical illness, identity, home, auto, and pet all set a safe foundation for long-term financial health. HSAs lower the chance that high deductibles become long-term debt.

Your retirement plan gives employees the opportunity for their money to make money. And, if you provide a match, you're directly funding your staff's future. Accordingly, it's important to highlight the totality of your compensation and benefits as part of holistic financial wellness. Then, your program can complement these benefits with education and support to make sure Betty, Mike, Alisha, and Filipe make good choices.

> "Do not assume the presence of insurance and investments leads to financial health.

COMPLEMENT YOUR INSURANCE AND INVESTMENTS

Insurance

Insurance gets complex, quickly. Every employee knows they need it, but which type, how much and when are more confusing. Unfortunately, employees spending less than 30 minutes on open enrollment only makes matters worse[17]. And, the insurance industry is fraught with bad actors that sell on fear, resulting in unnecessary premiums that reduce financial FUEL. With that as the backdrop, the primary role of the financial wellness for insurance is helping employees make informed decisions. The following education and tools can help:

- **Highlight what matters**: Define the financial considerations for each insurance decision. Keep the qualitative choices separate. For example, the financial tradeoffs for health insurance include the premium, deductible, out of pocket maximum, and co-pays. Similarly, for disability, the premium, elimination period, percentage of income replacement, and period of benefits matter. Insurance companies do a great job of highlighting these tradeoffs. Encourage them to carve out the financial sections to educate employees on what matters.

- **Utilize decisions support tools**: Even with education, making benefit choices is painful. Decision support platforms such as Guidespark and Jellyvision communicate benefits using basic terms to simplify the decision.

- **Outline common mistakes**: Insurance mistakes tend to fall into two camps. On one side, employees can have multiple insurance policies covering the same problem. They're overinsured, and the excess premiums are unnecessarily reducing their financial FUEL. On the flip side, many employees are underinsured. As a result, when life happens, their entire plan is compromised. Highlight common insurance mistakes with clear examples and make it easier for employees to be appropriately insured.

  As insurance protects employees from financial falls, investments allow them to fly.

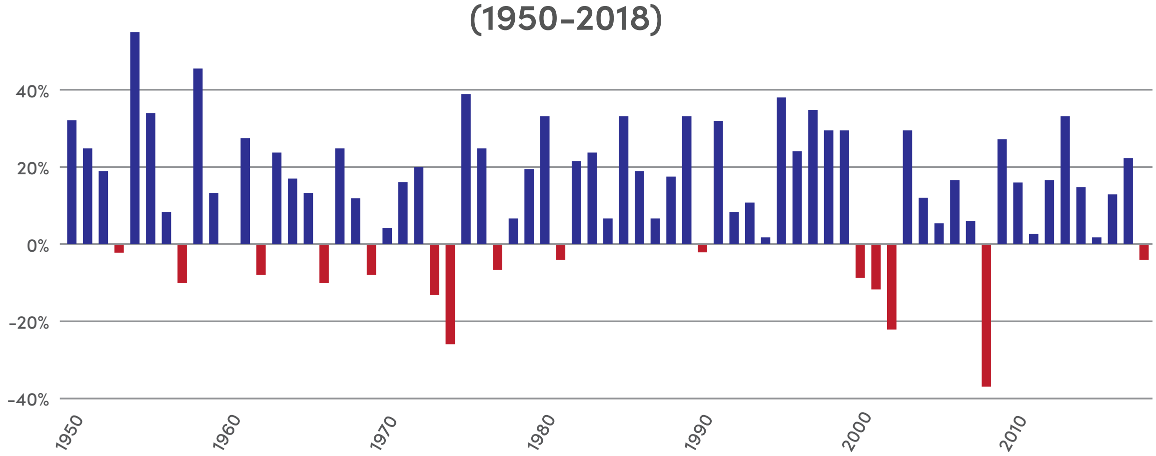
COMPLEMENT INSURANCE AND INVESTMENTS

Investments

FFFEX. Nearly 80% of your employees will not know what that means[18]. That's scary given it's a symbol for an investment they may own! Investing is as complicated as insurance. Retirement plan vendors such as Fidelity, Vanguard, Charles Schwab, TIAA, T. Rowe Price, and Financial Engines provide great resources, but the information is often overlooked or difficult to absorb. As a result, your financial wellness program should fill the gaps with the following:

- **Redefine risk**: Most employees believe they could lose all their money in the stock market. As a result, they often choose conservative options or simply don't make a choice. That's fine if these are conscious decisions; however, they're often driven by lack of knowledge. Your financial wellness program can help by sharing simple, historical data. For example, over the past 69 years, the S&P 500 has only had negative returns in 15 years[19]. Since the 2009 recession, the S&P 500 grew for 9 years in a row. Sure, historical performance does not guarantee future results; however, it's important for your employees to see this data clearly when assessing risk.

S&P 500 ANNUAL RETURNS
(1950–2018)



"S&P 500 Index – 90 Year Historical Chart." Macro Trends, 2019.

COMPLEMENT INSURANCE AND INVESTMENTS

- **Compelling, relevant education**: Be bold with investment education. For example, your 401(k) match could be worth $100,000 over an employee's working life. Say that. An employee making $50,000 per year has the potential to pass down $250,000 to the next generation. Show them how. Deliver live, high-energy courses that cover the fundamentals of safe versus risky (aka asset allocation), fees (and how they're calculated) and market history. Investments are powerful wealth-building tools. You may have more flexibility than your vendors to inspire employees to take advantage.

- **Managed accounts**: Even with your best efforts, your employees will want an option to put their investments on autopilot. Managed accounts and/or preconstructed portfolios make it easy. Your retirement vendor likely has a program. Encourage employees to use these programs until they're ready to invest their time in investing.

Do not assume that the presence of insurance and investments alone leads to financial health. Instead, your program should complement these products with education and decision support that drives action.

4 GIVE AUTHENTIC, HUMAN SUPPORT

We've identified 77 different products, tools, and education to consider as part of your financial wellness program. They all play a role in improving financial health for Betty, Mike, Alisha, and Filipe. But, how do they know which ones to use and when? How can you inspire and encourage them to get started? How do you help them stay accountable along their journey?

Authentic, human support can round out your program. Financial advising and coaching give your employees the "doctors" and "personal trainers" to turn your comprehensive program into their personalized plan. More specifically, human support through organizations such as SmartPath and Financial Finesse provide the following:

- **Clear direction and next steps**: A vast majority of coaching clients say, "I now know what to do." Their coach has given them permission to focus on a few next steps and defer all other financial advice. That clarity reduces stress and makes it easier to make progress.

- **Encouragement:** Money can be painful. Often, employees that are struggling with finances are embarrassed by their situation. At the same time, their path to financial health will not be a straight line. They will have setbacks. Coaches and advisors give them someone in their corner. The great ones tease out their 'why,' reiterate what's possible and nudge them along the way.

- **Accountability**: Broke Betty does not want to be broke. Momentum Mike wants to pay off debt. Accelerating Alisha wants to make good financial choices. Unfortunately, intent is only part of the process towards behavior change. The remaining requirement is consistent action. Financial coaches and advisors provide direct accountability. The American Society of Training and Development found the probability of completing a goal jumps to 95% when you have a specific accountability partner[20]. Point being, your employees will need more than education and products to change behavior sustainably. Authentic, human support can fill the gap.

MAKE PROGRESS

Constructing an effective financial wellness program takes years. Be patient. Start by adopting a financial roadmap that shows every employee where they are and what they should do next. Then, address Betty, Mike, Alisha and Filipe's needs. Select one solution at a time. Each one builds on the last. Avoid letting vendors suggest that their product alone solves the problem. Instead, learn how their solution works and decide if and how it fits into your overall vision.

Finally, remember the human element of change. Your employees will naturally want quick solutions to their financial pain. In reality, long term financial health requires more than a single product, class, or tool.

It requires a combination of inspiration, accountability, and above all, the simple knowledge that you believe in them.

FINANCIAL WELLNESS PROGRAM CHECKLIST

1 ☐ ADOPT A FINANCIAL ROADMAP

2 ☐ SOLVE REAL PEOPLE'S PROBLEMS

BETTY

INCREASE INCOME
- ☐ Easy overtime
- ☐ Side hustles
- ☐ Cashing in PTO
- ☐ Education / Skills training

CUT EXPENSES
- ☐ Corporate discount programs
- ☐ HSA / Wellness perks
- ☐ Subsidized child care
- ☐ Simple savings tips

AVOID DEBT
- ☐ Cashing in PTO
- ☐ 401(k)/403(b) loans
- ☐ Purchase programs
- ☐ Early access to pay
- ☐ Hardship funds

START BUDGETING
- ☐ Frequency, not amount
- ☐ Go all cash
- ☐ Budgeting apps

MIKE

COMMIT TO A STRATEGY
- ☐ Education on snowball vs. avalanche methods
- ☐ Tools to show him which debt to pay first

ACCELERATE PAYOFF
- ☐ Student loan programs
- ☐ Education by debt type
- ☐ Debt management programs
- ☐ Refinance / Balance transfer education

AVOID TRAPS
- ☐ Debt settlement
- ☐ Student loan deferment / forebearance
- ☐ High interest loans

ALISHA

MAKE GOOD CHOICES
- ☐ Homeownership / Refinancing education
- ☐ Car buying workshop
- ☐ Managing aging parent finances education
- ☐ Paying for college education

ALIGN WITH PARTNER
- ☐ Financial counseling
- ☐ Couples budgeting apps
- ☐ Education on collective goals, individual freedom and shared control

START WITH ADVISOR
- ☐ Unbiased support
- ☐ Fiduciary
- ☐ No account / asset minimums

FILIPE

DEFINE A PATH
- ☐ Education on "retirement readiness."
- ☐ Simple calculators
- ☐ Human consultations

TEMPER FEARS
- ☐ Recession reviews
- ☐ Retiree healthcare forums
- ☐ Identity theft protection/ education

PREVIEW NEEDS
- ☐ Withdrawal strategies
- ☐ Estate planning
- ☐ Insurance review

FIND ADVISOR
- ☐ Fee-only
- ☐ Fiduciary
- ☐ No product sales

3 ☐ COMPLEMENT INSURANCE AND INVESTMENTS

4 ☐ GIVE AUTHENTIC, HUMAN SUPPORT

ENDNOTES

1. Board of Governors of the Federal Reserve System. "Report on the Economic Well-Being of US Households in 2015." Federal Reserve Board. May 2016.
2. PwC. "PWC 2018 Employee Financial Wellness Survey." PwC. 2019.
3. E. Thomas Garman, Flora Williams, and Robert Weisman, "Financial Stress and Workplace Performance: Developing Employer-Credit Union Partnerships," Filene Research Institute, 2002.
4. Matthew Boesler. "Almost 40% of Americans Would Struggle to Cover a $400 Emergency." Bloomberg. May 23, 2019.
5. TJ McCue. "57 Million U.S. Workers Are Part Of The Gig Economy." Forbes. Aug 31, 2018.
6. David Autor. "Median Hourly Wage Gain per Year of Schooling." CollegeBoard. 2010.
7. "This is how much child care costs in 2019." Care.com. July 15, 2019. Assuming a flat tax rate of 25%.
8. Zack Friedman. "Student Loan Debt Statistics In 2019: A $1.5 Trillion Crisis." Forbes. February 25, 2019.
9. Rep. Peters, Scott H. [D-CA-52]. "H.R.1043 - Employer Participation in Repayment Act of 2019." Congress. February 7, 2019.
10. Board of Governors of the Federal Reserve System. "Report on the Economic Well-Being of U.S. Households in 2015." Federal Reserve Board. May 2016.
11. Board of Governors of the Federal Reserve System. "Consumer Credit - G.19." Federal Reserve Board. July 8, 2019.
12. Nathan DiCamillo. "Why banks shouldn't make online banking too easy." American Banker. December 27, 2018.
13. Board of Governors of the Federal Reserve System. "Consumer Credit - G.19." Federal Reserve Board. July 8, 2019.
14. "College cost projector." Vanguard. 2019.
15. Jack VanDerhei. "The Impact of the Recent Financial Crisis on 401(k) Account Balances." Employee Benefit Research Institute. February 23, 2009.
16. "US Business Cycle Expansions and Contractions." The National Bureau of Economic Research. September 20, 2010.
17. Valerie Bolden-Barrett. "Employees spend 30 minutes or less reading open enrollment materials." HR Drive. August 17, 2018.
18. Maxime Rieman. "The Online Investing Knowledge Gap: 2013 Investment Literacy Survey." NerdWallet. 2013.
19. "S&P 500 Index - 90 Year Historical Chart." Macro Trends. 2019.
20. Stephen Newland. "The Power of Accountability." AFCPE 2018.

NOTES

CONTACTS

Alok Deshpande
President | SmartPath
(678) 723-4968 | alok@joinsmartpath.com

Cait Howerton
Financial Wellbeing Expert | SmartPath
(678) 203-5473 | cait@joinsmartpath.com