



ADVISORS TAKE STEPS TO MEASURE EMPLOYEE ENGAGEMENT IN FINANCIAL WELLNESS PROGRAMS

Employee engagement is essential in determining the value of any Financial Wellness program. The purpose of this Research Report is to help retirement plan sponsors design a Financial Wellness Program Management Dashboard based on the practices of leading retirement plan advisors. The report provides a framework for monitoring progress and gives guidance to plan sponsors on the key indicators to monitor.

Depending on how your Financial Wellness program was conceived, employees may be able to access services through any one of several doors (i.e., the initial point of entry).

- Self-service portal (Web, app, automated phone, automated assistant)
- Group meeting (education)
- One-on-one coaching (counseling, planning, or even advice)

Multimodal programs allow employees to select the point of entry that best fits their needs. The selection of metrics to include on the dashboard will vary depending on the points of entry available in the program.

Employer commitment is a leading indicator of future employee engagement.

- Selection of metrics to which the program will be monitored short- and long-term
- Assignment of accountability / responsibility for monitoring implementation
- Assignment of accountability / responsibility for outcomes
- Scope of dedicated resources (staff, infrastructure, budget)
- Scheduling of periodic progress review meetings
- Program adherence

**19% USE A
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TO STIMULATE
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One strategy for the most committed employers to drive engagement in Financial Wellness programs is to implement a rewards or points program that incents employees to use the program. Leading advisors surveyed in this report say that, on average, 19% of their clients with a Financial Wellness program use a rewards or points program to stimulate participant engagement. Programs such as these have been quite successful on the healthcare front, where employees earn points for having regular medical checkups or going to the gym. They make just as much business sense in helping employees achieve and maintain Financial Wellness.

Employee Engagement Metrics Used by Leading Plan Advisors

Leading plan advisors measure employee engagement in a variety of ways. Some rely on **feedback and updates from the plan sponsor**, perhaps by studying the results of employer surveys. Others monitor **participant behavior**, tracking participant attendance at meetings and the frequency of inbound calls to gauge the number of participants who take steps to implement a plan with the help of a Financial Wellness counselor. Some rely on **hard plan metrics** when assessing the efficacy, or even ROI, of the Financial Wellness program, looking to engagement metrics or outcome metrics as indicators of program success. These metrics typically include changes in participation and deferral rates to loan payoffs, emergency savings increases, and the increased use of managed accounts or changes in asset allocation. The Consumer Financial Protection Bureau, a federal watchdog agency, estimates that employers typically see an ROI of \$3 for every \$1 invested in a financial well-being program.

One of the most relied-upon employee engagement metrics is the percentage of **employees that access a Financial Wellness portal**. Among those who access the portal, what percent enter any data? How many utilize any of the available products or services, or attend a group education session? What percent obtain a personalized assessment of their own Financial Wellness? How do they rate their satisfaction with the program? How many seek a meeting with a Financial Wellness Advisor?

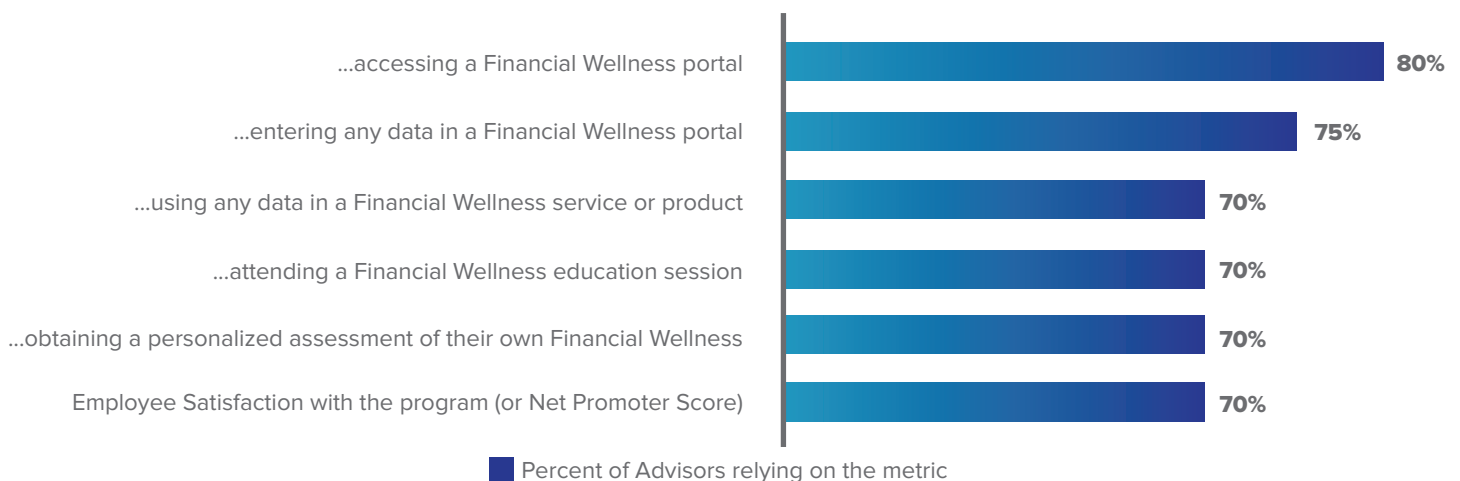
Service models vary greatly among leading plan advisors as they design a model best suited to the unique needs of their clients. Some advisors who work with employers well-staffed to administer a Financial Wellness program internally or through their retirement plan service provider do not pro-actively contact employees. Others assessing usage rely on discussions with the plan sponsor or actively monitor participant behaviors.

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“WE TRACK USAGE IN THE PROGRAM OVERALL AND HOW MANY EMPLOYEES ELECT TO IMPLEMENT A PLAN WITH OUR FINANCIAL WELLNESS ADVISORS.”

“OUR TEAM TRACKS ATTENDANCE AT MEETINGS AND LOOKS AT THE OTHER METRICS OF THE PLAN, LOANS, INCREASED CONTRIBUTION, ALL THE POSITIVE METRICS.”

Most Commonly Used Employee Engagement Metrics



Proposed Model

Financial Wellness Program Engagement Metrics

	Number or Percent of Employees Who...	Timing of measurement		
LEVEL 1	<ul style="list-style-type: none"> ■ Access a portal ■ Attend a session ■ Meet with a coach for the first time ■ Use any Financial Wellness service 	Immediately at implementation		
LEVEL 2	<ul style="list-style-type: none"> ■ Enter data in the portal ■ Provide initial data to a coach ■ Submit a completed questionnaire at a group meeting 	Start in the first month of implementation. Monitor weekly for the first six months.		
LEVEL 3	<ul style="list-style-type: none"> ■ Obtain initial assessment ■ Obtain detailed assessment ■ Have formulated a step-by-step plan of action 	Start in the first quarter of implementation. Monitor monthly for the first year.		
LEVEL 4	<ul style="list-style-type: none"> ■ Access the portal after the initial access ■ Receive points or credits for accessing educational content ■ Have updated their plan of action to reflect progress made and steps completed ■ Had a follow-up visit with a Financial Wellness coach 	Monitor quarterly – ongoing		
LEVEL 5	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> ■ Retirement Readiness score ■ Components of the readiness score, such as <ul style="list-style-type: none"> – balance – participation rate – average deferral rate – loan utilization </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> ■ Emergency savings ■ HSA balance ■ Student debt ■ Credit card debt ■ Net worth ■ Credit Score </td> </tr> </table>	<ul style="list-style-type: none"> ■ Retirement Readiness score ■ Components of the readiness score, such as <ul style="list-style-type: none"> – balance – participation rate – average deferral rate – loan utilization 	<ul style="list-style-type: none"> ■ Emergency savings ■ HSA balance ■ Student debt ■ Credit card debt ■ Net worth ■ Credit Score 	Monitor quarterly – ongoing
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LEVEL 6	<ul style="list-style-type: none"> ■ Employee satisfaction ■ Employee retention ■ Suggestion box ■ Employee happiness ■ Employee financial stress 	Monitor quarterly – ongoing		

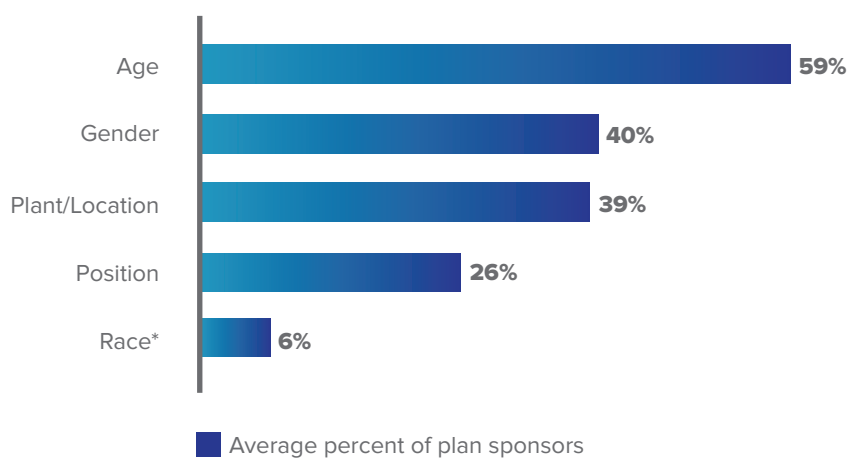
Level 2 metrics entered at the portal can be tiered by type of information – information collected incrementally so a complete picture of the employee’s level of engagement can be drawn progressively.

Percent of employees who provided:

- Contact information
- Demographic information
- Home value / cost of housing
- Retirement plan information
- Beneficiary designation
- Banking information (assets)
- Banking information (debt – mortgage, credit card, student)
- Securities held (taxable and non-taxable accounts)
- Other assets
- Insurance information

The Necessity to Monitor Engagement by Segment

Percent of Plan Sponsors Tracking Engagement by...



*Data not always available in HRIS system

Enhancing the Financial Wellness of employees over time requires some analysis to identify segments of the population who are perhaps left behind or disengaged so action can be taken. Overall measurement alone does not foster progress. Employers who look deeper into employee engagement metrics by tracking employees by age, gender, employment location, and role or position can pinpoint segments of the population who are at greater risk of delayed retirement.

A majority (59%) of employers track employee engagement by age, which is understandable as employers will want to get younger employees on a path to saving while keeping a close eye on employees nearing retirement age. Somewhat fewer track by gender or job location (40% and 39%, respectively). A small number of employers (only 6%) track employee engagement by race. Not all employers track employees’ race in HRIS systems. The large number of employers who are not subject to affirmative action are not required to do so.

About the Survey

This report was commissioned by the Financial Literacy and Financial Wellness Promotion Committee. Chair: Wendy Daniels - Transamerica | Vice-Chair: Mark T. Ratay, CIMA®, PRP® – Morgan Stanley. The survey was conducted July 14-31, 2020. Seventy Council member advisors responded representing 8,209 plans and 4,052,300 participants.

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Financial Wellness Program of the Council

The Retirement Advisor Council accomplished a great deal to promote the Financial Wellness of U.S. workers in 2020/2021:

- Prestigious Financial Wellness Awards to deserving plan sponsors delivered at the January and August meetings
 - Seven VIEWPOINT papers published on Financial Wellness, including one designed to guide the reader through the evaluation of solutions available to build the right program for their situation
 - Advisor research on drivers of participant engagement
 - Guide to Financial Wellness – A series of interactive video conference meetings to highlight the best Financial Wellness programs
 - Sessions at both the Annual and Semi-annual meetings of the Council
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About The Council

The Council advocates for successful qualified plan and participant retirement outcomes through the collaborative efforts of experienced, qualified retirement plan advisors, investment firms and asset managers, and defined contribution plan service providers.

Retirement Advisor Council is a brand of EACH Enterprise, LLC

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