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Financial Well-Being as a Technology Solution

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From the creation of the first defined benefit plan in 1875, employers have long focused on the retirement problem of their workforce management. The shift from defined benefit to defined contribution has sparked a shift in the retirement industry. If employees are expected to plan their own retirement, they need help that goes beyond just retirement planning. With millennials facing huge student loan debt, Gen Xers caring for both their kids and their parents, and baby boomers worried about a financially secure life after work, the financial focus for employers has become much bigger than retirement.

One of the industry's most comprehensive global well-being surveys, the ongoing series by Conduent "Working Well: A Global Survey of Workforce Wellbeing Strategies," covering both physical and financial wellness, routinely points to stress as the top challenge employers are looking to solve. The top cause of employee stress is financial issues and its drain on productivity and workforce planning.

Technology can be a great enabler for both the short-term and long-term needs of the individual. The right technology can help get employees focused back on work, while aiding those who want to retire when the time is right.

This article explores how technology can play a role in financial wellness and answers questions on potential impact, software evaluation and adoption.

How Can Technology be Used to Impact/Improve Financial Wellness and What Forms Would be Helpful?

First, it's critical to acknowledge technology isn't the be-all, end-all. It's an enabler. It can help bring together the information necessary to facilitate individuals making smart decisions. It can assist in guiding people down the right financial path. It can support ongoing achievement of short- and long-term goals.

The same tools financial advisers use to help their one-on-one conversations—data aggregation, life planning questionnaires, stochastic analyses—can and should be offered up to the masses. People should be given the opportunity to unlock the power of their own financial data.

For employees, the financial wellness conversation starts by looking at cash compensation. Financial well-being goes beyond just cash flow into a bank account. Employers own much of the data necessary to start creating a holistic financial picture. From compensation to savings plans to equity plans to insurance programs, so much of the individual's financial picture should come together through the software we present to our employees. As a starting point, our role should be to make sure comprehensive data comes together through total rewards, total wealth or total well-being solutions.

With aggregated employer-sponsored plan data as a starting point, individuals should be able to automatically bring in personal and spousal/family holdings, as well as their debt. Personal data aggregators are fantastic at pulling together outside data but tend to fall apart in accessing employer-managed data. Technology today can marry personal and employer data to create the complete financial picture. We are at the forefront of an opportunity to allow employer data to be made personal in the context of an individual's financial data.

Having the data together in one place only goes so far. The next big software requirement is to assure the individual's short- and long-term goals are assessed and met.

Since employers have historically focused so heavily on retirement, there is currently no shortage of good tools available for retirement modeling. However, those tools often neglect some of the short-term challenges that keep people from saving for the long haul. The best software now goes through the types of questions a financial adviser would ask to understand short-term objectives such as setting up an emergency fund, preparing for children's education costs, paying down student loan debt and buying a house, while still thinking about longer-term goals of paying down that mortgage, paying off credit card debt as well as the holy grail of having enough to live comfortably through retirement.

Just as employers have incorporated physical health assessments into the annual routine of benefits communication, there's a great opportunity now to similarly use financial health assessments.

The best financial assessment tools take employer programs into account. Assessments should include such things as goal setting, risk tolerance and the like, but also should align those needs with the programs organizations make available. This alignment can point users to the best use and mix of 401(k), stock purchase, heath savings account (HSA), flexible spending account (FSA), voluntary insurance and other financial plans. These decision support tools should help an employee determine the best use of the next dollar earned.

These tools have the added benefit of increasing plan awareness, which leads to better—and more appropriate—plan participation.

We know that participation, though, is often not enough. Even with what might seem to be ideal plan participation, life happens. Markets fluctuate. The roof needs to be replaced. We lose a loved one. Scenario analysis also plays a big role in the financial technology consideration.

Adding stochastic analysis tools help users model the controllable and uncontrollable events that confront us all. They look at various probabilities of those events and can even help realign best plan usage as those events occur.

How Can Software Tools be Evaluated for Their Effectiveness and Suitability for Various Decisions?

As detailed earlier, financial software tools should minimally include:

- Aggregation of all employer-sponsored and family holding data
- Assessment and optimization tools that identify the short- and long-term goals of the individual, and that help align those needs with plans and programs employers make available
- Analysis that accounts for the probability of various future events as well as ongoing adjustments when expected and unforeseen events occur

But the best tools that can aggregate, assess and analyze are useless if they aren't used. When it comes to user experience, there's no such thing as one best practice. The big buzzword in the user experience space—human-centric design—recognizes that people learn and interact in different ways, so no one interface can be expected to work for all. We need to meet users through the channels, tone and timing that are ideal for them individually.

There are a variety of approaches that can be employed to make sure we are meeting these varied needs. These recommended approaches acknowledge there are three broad types of people to consider:

- **The superusers,** who are highly informed of the programs available and the goals they want in life and are completely confident they can do it all themselves
- **The overwhelmed,** who feel lost by it all and want us to do it for them
- **Everyone else,** who understand some concepts but could use some help to get started and to stay on track

There aren't many superusers out there, but we can save them a lot of time and get them back to work if we can offer them the aggregation, assessment and analysis tools listed previously. Of course, we need to make sure they are aware of them, so some good initial and ongoing promotion should be included.

Ongoing communications services can proactively and contextually push reminders through e-mail, text and push messaging if balances or allocations go off course.

The second group's a bit tougher. And there are plenty of them. For them, smart technology that considers their life stage and their likely needs can create bundled plan options. These bundles—similar to what we see in the marketplace with bundled home, auto and life insurance—can bring together medical, dental, life, savings plan, stock purchase and so on as a starting point for those who are overwhelmed by all the choices available to them during open enrollment or new hire sign-ups or as they experience life events.

Over time, participation rates in plans like HSA, 401(k) and stock purchases can be automatically adjusted to keep them on track for the near and future financial goals of the users.

The third represents the vast majority of our employees and recognizes that we are all human. We rarely step back to map out our life. It's bewildering, and most folks don't know where to start. We need a nudge to begin and we can't be presented everything all at once.

Starting with what we know about the individual—the plans they participate in, the programs they are eligible for, the balances they've accumulated—technology can proactively prompt employees to get started. The starting point may be a simple wizard assessing financial goals and priorities. As the individual gets increasingly comfortable with the experience, personal holdings could be voluntarily imported.

To keep our employees engaged, personalized financial messaging could be introduced to provide ongoing recommendations and options to consider. We are exploring a future that includes algorithmic driven financial advice and execution to keep people on their financial track.

In all of these approaches, technology can provide the interface for self-service or could just easily help inform a financial adviser who can interact with that individual one-on-one.

As technology is evaluated, flexibility to meet the individual who and where they are is critical.

How Can Technology be Employed to Help Those Not Knowledgeable or Uncomfortable With Computers?

Continuing the theme of technology as an enabler, the best software in the market doesn't rely on people being superusers or even average users. The best software accounts for all human expectations.

Those uncomfortable with technology can get an automatically generated but highly personal letter that helps them see where they are today with their financial situation and gives some projections on where they could be in the future. If the models don't align with their hopes, they can reach out to a personal adviser—in person or by phone—who can use the technology described to create a highly tailored action plan, fully informed by the employer and personal financial data of the individual.

Those who are comfortable with technology should be able to access these tools via self-service. They may need more just-in-time education and decision support than financial advisers, but the experience should flex by the user to meet their needs.

Making it Real

The technology we've described is not a pipe dream. It's a reality today. As you evaluate capabilities from financial wellness providers, we encourage you to consider these principals and incorporate them into your financial wellness strategy. Many of the same concepts can even be applied as you consider total well-being technology capabilities across the physical, financial and even professional spectrum.

Using these technologies effectively can significantly reduce the financial stress of your employees and their families. The organization benefits with increased productivity and reduced presenteeism. It's a win-win for you and your employees.

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