



Article from

Financial Wellness Essay Collection

2017 Call for Essays

Introduction

Anna Rappaport

As increasing responsibility for financial planning and retirement security has been shifted to individuals, the concept of financial wellness has become an important area for both employees and employers to address. Employers have increasingly recognized that employees with financial difficulties may be easily distracted and less productive at work. At the same time, employees may be looking for trusted resources to help them make optimal choices and relieve financial stress. With this growing need in the employee benefit environment, the Society of Actuaries' Committee on Post Retirement Needs and Risks (CPRNR) issued a call for essays on this topic in 2016. Fourteen essays were received, which can be found in this collection. The essays represent a thought-provoking array of views and perspectives. In this regard, we are pleased the call for essays prompted an equal balance of actuaries and authors from other professions.

Financial wellness strategies provide a different approach to financial success compared to more traditional actuarial measures and points of view. The two approaches are not inconsistent, but they differ in certain aspects. Financial wellness takes a broad view of all factors impacting financial success. It includes primary emphasis on debt management and reaching a multiple set of goals in tandem. Traditional actuarial approaches often focus more on addressing risks discretely rather than in a systematic fashion (although this is not always the case) and less on debt and implementation.

Defining Wellness

There are a variety of definitions of financial well-being. In the call for essays, the definition from the Consumer Financial Protection Bureau (CFPB) was used. Its definition focuses on controlling and tracking your finances, while being able to have both financial freedom and security.

In further defining what wellness means, I recently wrote an article for *Benefits Quarterly* in which I listed

my view of important aspects of retirement wellness. The article appeared in a special issue that focused on retirement wellness issues. The aspects I outlined in the article include working to maintain reasonable health or to manage one's life satisfactorily within the constraints present and having:

- A framework—financial, social and purposeful activity and health related—for managing one's life in retirement
- Sufficient financial resources and a system to manage them to make the framework a reality
- Knowledge and perceptions compatible with the framework and resources
- Passions and activities that bring meaning to one's life
- Housing that supports life activities and personal needs, and that is compatible with financial needs
- A basic financial structure to build on
- A reasonable network of personal contacts

Essay Topics

The essays in this collection cover a wide range of financial wellness considerations that include retirement wellness. Several of the essays are targeted at employer issues. One of the prize-winning essays focuses on what success means in these programs while another considers how to measure return on investment. Other essays focus on the individual: for example, the individual as risk manager and overcoming procrastination. The use of technology in building solutions and practical issues such as expanded products and later in the process solutions are taken up by a few of the essays. Overall, this collection of essays represents an important advance in the literature for this area.

What's Next?

Some of the essays include ideas that can be easily implemented and we hope they will be useful immediately. Others provide ideas that will need further development to come to fruition. Regardless of their immediate use or not, our ultimate aim is for this collection of essays to be the springboard for further research in this area with the Society of Actuaries and other organizations.

Selection of Prizes

As part of the call for essays, there was a provision for prizes to be awarded. The following essays were selected for prizes.

Introduction

FIRST PRIZE

Greg Ward, “Calculating ROI: Measuring the Benefits of Workplace Financial Wellness”

SECOND PRIZE

Tianyang Wang, “Fighting Procrastination for Financial Wellness: Harness the Power of Inertia”

Julie Stich, “What Makes a Workplace Financial Wellness Program Successful?”

THIRD PRIZE

Ken Steiner, “Using Sound Actuarial Principles to Enhance Financial Well-Being”

J. M. “Jack” Towarnicky, “My Financial Wellness Solution: The 401(k) as a Lifetime Financial Instrument”

Scot Marcotte and John Larson, “Financial Well-Being as a Technology Solution”

Anna Rappaport, FSA, MAAA, is president of Anna Rappaport Consulting. She can be reached at Anna.rappaport@gmail.com.