

# Stepping Up

Your Benefits Strategy  
with Health + Wealth



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Benefits have changed. Plan sponsors should be looking at their benefit packages holistically to ensure employees are covered in ways that matter most.

What exactly does that mean? Well, offering employer-sponsored retirement plans and group health insurance just doesn't cut it anymore.

Understanding what keeps your employees up at night—and what will inevitably affect their work the following morning—is the first step. Their very real concerns—managing debt, budgeting, planning for out-of-pocket expenses, and thinking ahead to retirement can heavily influence their physical health, leading to increased absences, higher health care costs, and lack of engagement on the job.

Both you and your employees deserve a benefits strategy that exceeds expectations while supporting your overall business objectives. This eBook will guide you to take the necessary steps in the right direction.

Developing and executing the above is a journey, and, it begins with understanding where you are today and where you hope to go—one step at a time.



## Step 1: Define Financial Wellness



*"Take small steps every day and one day you will get there."*  
—Unknown

Financial wellness programs are encouragingly finding their place in workplace benefit plans more and more, but challenges remain in defining what exactly these programs are expected to deliver.

To be financially well, or fit, is to maintain a low level of financial stress at a lifestyle at or below your financial means, with the security to sustain a strong financial foundation—minimal high-interest debt, adequate emergency savings, sufficient insurance, and an ongoing plan to achieve financial goals.

Basically, financial wellness is determined based on one's ability to budget, manage debt, save, and protect themselves and their loved ones from unforeseeable risks.





### **Budget.**

Keeping a budget and a positive cash flow are necessary in managing debt, saving and investing for the future, and protecting against risk—it's just as important to have a spending plan as it is a savings or debt repayment plan.

### **Debt.**

Carrying too much high-interest debt is a savings hurdle because it's hard to make progress if only minimum monthly payments can be met.

### **Savings/Investments.**

Being unprepared for the future and/or the unexpected can quickly lead to increased debt when an emergency arises. Educating employees on the benefits of saving for short- and long-term goals can also help them prepare for life's surprises.


### **Protection.**

Insuring oneself against potential losses offers protection and reduces the risk of a financial state quickly changing from comfortable to dire.

*"One may walk over the highest mountain one step at a time."*

—John Wanamaker





## Step 2: Encourage and Empower Employees

Your employees are counting on you. Like most people today, your workforce faces a multitude of competing financial demands and they likely need your assistance to understand—and to take the necessary steps—to improve their financial situation.


Did you know that the total projected lifetime health care premiums (Medicare Parts B and D, supplemental insurance, and dental insurance) for a healthy 65-year-old couple retiring this year are expected to be \$321,994 in today's dollars (that's \$485,246 in future dollars!)? <sup>1</sup>

As the needs of your employees evolve, so must the benefits you offer them. You can help them take ownership of their finances by ultimately encouraging them to take accountability for their financial future.

If you have an aging workforce, are they going to be able to retire on time? This could have a major impact on your company's bottom line. Healthcare, payroll and worker's compensation costs all have the potential to rise considerably as your employees age.

<sup>1</sup> HEALTHVIEW SERVICES: 2017 Retirement Health Care Costs Data Report©





## Step 3: Consider Health + Wealth Benefits

*"The journey of a thousand miles begins with one step."*

—Lao Tzu

Historically, health (e.g. insurance and reimbursement accounts) and wealth (e.g. retirement plans) have been siloed into separate buckets. (Typically, a company's second-highest line item (beneath payroll) is health insurance, and the third is usually retirement).

Convergence is the idea that these are in fact so related that you cannot improve one without also impacting the other. A holistic plan design approach, that incorporates both health and wealth components, will better address the needs of a multigenerational workforce by employing benefit resources more effectively.

By reconsidering your benefit offerings to support your employees' health + wealth financial needs, you will help them and their families better prepare for and manage the monetary anxieties they may face—now, and in the future.

A robust benefits package allows you to attract and retain top talent and also encourages the most productivity and engagement from your team. If the benefits are well-suited for your population, participation should increase and you'll have more informed employees.





## Step 4: Develop Your Strategy

Through education, you can help your employees gain a better understanding of not only the benefits available to them but also what next steps they can take to protect their assets and their family. Analyzing your company's data associated with employee assistance programs, retirement plans, health claims, and employee performance can also lead you directly to those employees who need the most help.

As you develop your health + wealth strategy, ask yourself:

- How financially fit is your employee population right now?
- Do they have the knowledge and tools available to them to retake control of their financial situations?
- Have there been recent changes to employee demographics? Are any expected in the near future?
- How will a financial wellness program serve your organization over the next 3 to 5 years? Will it help you meet fiscal, human resource, and operational objectives?
- Does your retirement plan have a Roth 401(k) feature? Do you offer a high deductible health plan (HDHP) with a HSA feature? If so, do your employees understand the value of these benefits?
- Do your participants need help with health + wealth planning?





## Step 5: Implement the Change

Developing a benefits strategy can be a daunting task, but having the right team both within the organization (HR, finance, operations, and legal) and outside (benefits actuaries and consultants, ERISA attorneys, and compliance experts) to create a manageable plan of attack is key. Determine a reasonable timeline for implementing your refreshed benefits program to keep you focused on what needs to be done while keeping a long-term vision in mind. And, remember to stay true to your guiding values and your company's evolving culture.

After you've stepped up your strategy, it's time to make it a reality! Be sure to partner with vendors who have your best interest at heart; they should clearly outline expectations, responsibilities, and applicable compliance obligations and penalties.

Leverage your existing offerings and then incorporate the missing pieces to create a health + wealth wellness program that includes:

- A strategic and holistic benefits package that keeps your company's philosophy and budget in mind.
- Personal one-on-one financial guidance for your employees, including goal-based planning, saving fundamentals, debt management and asset allocation.
- Benchmarked KPIs on health care expenses and retirement plan usage and retirement readiness to see how your workforce measures up.
- Clear and frequent communications on the specific changes being made; why, when, and how you will help your employees get—and stay—onboard.



## Step 6: Measure and Adjust



When asked about how to measure success in a financial wellness program, 62% of employers surveyed see increased participation in retirement programs as the biggest measure of success. <sup>2</sup>

While this is a great metric to gauge success, in actuality, the state of one's financial situation cannot simply be measured based on the size of his or her bank account, retirement account, or paycheck. When assessing financial wellness, you must also account for people's financial expectations and goals, as well as the behaviors they are demonstrating with respect to spending, saving, investing, and protecting their assets.

You can also measure and track how your strategy is performing by using performance indicators, such as employee satisfaction, turnover, productivity and participation rates, health care claim costs, absenteeism, and candidate acceptance rates. Surveying employees to obtain a baseline is a fantastic place to start.

Regardless of the methodology you choose, having the ability to define and measure employee financial wellness enables you the opportunity to better understand the needs of your employees, benchmark their progress, and set goals for the future.

<sup>2</sup> WORKPLACE FINANCIAL WELLNESS, © 2017 The Charles Schwab Corporation

# Destination: **TotalWealth**



Our goal is to help your people see value in the benefits you offer, so that they can refocus their time and energy to their work. We believe that personal financial advice combined with a technology platform that allows users to aggregate and manage all their financial data in one place can and will empower your employees to take control of their financial situations, rather than allowing their financial situations to take control of their lives.

Our **TotalWealth** platform is the answer! And because our financial planners can access the interface, this proprietary personalized service bridges the gap between the human touch we feel is so important in financial advice, and secure, convenient technology that allows for self-management when preferred.

You have the ability to positively impact your employees and their financial well-being. We encourage our clients to create an environment that encourages retirement readiness, promotes healthy choices, and empowers participants to take control of their financial futures. Our health + wealth experts help simplify the benefits process for plan sponsors, and our financial planners put it all into perspective for participants. We're uniquely positioned to help.

At Sentinel, we know that pursuing a new benefits strategy can feel overwhelming, but just take it one step at a time. We're here to help you, and your employees, get there!