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FINANCIAL EDUCATORS

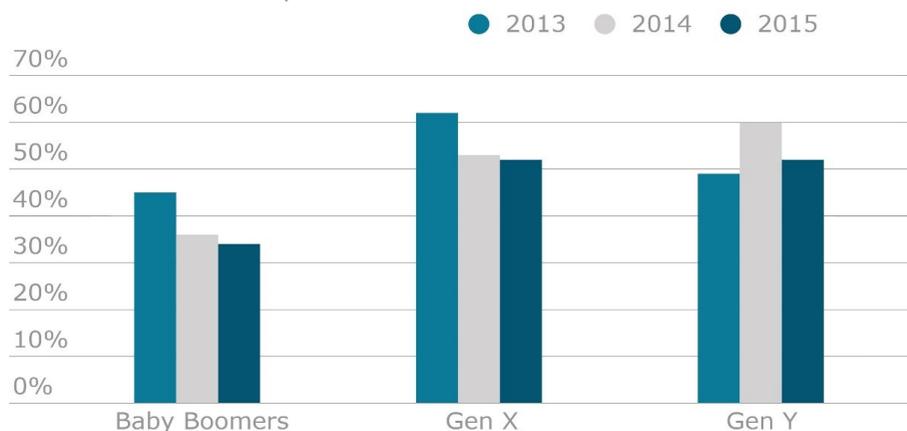
3 key points for choosing a financial wellness provider

Saddled with low savings rates and high household indebtedness, many American workers are relying on company-sponsored retirement plans like 401(k) programs as their last great hope for retiring with dignity someday. Unfortunately, rapidly escalating costs and tougher regulatory obligations have made supporting such plans among employers and third-party benefits consultancies a far more complex task than ever before.

Naturally, these events have raised the importance of offering robust financial wellness programs that complement company-sponsored retirement plans. Employees need offerings that provide valuable educational resources, personal finance coaching and relevant benchmarking data to plan participants and plan sponsors.

Financial pressures

The percentage of Baby Boomers and Gen X employees who find dealing with their economic situation stressful remained relatively consistent with last year.



Source: PwC 2015 Employee Financial Wellness survey

But how can employee benefits consultancies, already frequently strapped for time, deliver such tools and resources to their clients? Do they need to build this on their own, or should hiring an in-house expert or acquire a smaller provider?

The good news is “neither.”

Over the past few years, a number of dedicated financial wellness service providers for company retirement plans has emerged and are able to serve true third party, turnkey offerings that can be integrated with the offerings of employee benefit consultancies. In many instances, these services can be “white labeled” under the consultancies' own brands.

But caveat emptor: As with capturing any potential growth opportunity with an outsourced provider, it’s important to team up with the right partner. With that in mind, here are the three key considerations to bear in mind for benefits consultants who are seeking the right third party, turnkey financial wellness provider to partner with and drive greater value for clients.

Look for educational and training materials that are robust and tailor-made to the plan participants. Any reasonably good financial wellness provider should be able to offer educational and training materials that cover a wide range of topics, including basic financial and investing concepts, tips for paying down debt and general keys to improving retirement preparedness. Frankly, that’s easy enough to accomplish, and required nothing more than bit of time and some money.

But what separates great financial wellness solutions from those that are merely good is both the willingness and capability to customize that content to the size of the plan and unique needs, goals and aspirations of the participants. An educated plan participant, one who is armed with information that is tailor-made for them, is far more likely to take the steps necessary to improve their financial wellness.

Demand data analytics programs that can demonstrate ongoing financial health and retirement readiness. It’s one thing for plan participants to have the knowledge they need to understand better what takes to one day retire comfortably. It’s an entirely different thing, however, knowing whether they are actually on track to do that.



That's why it's critical for a financial wellness provider to have data analytics programs in place that monitor key metrics and can determine, in real time, whether someone is making the behavioral changes necessary to become financially healthy and retirement ready. Importantly, providers should also be able to aggregate this data for plan sponsors, since that would provide important clues about the overall effectiveness of the plan.

Provide access to financial wellness resources without disrupting or tearing down current technologies. Nearly every benefit company has their own technology portals that allow plan participants to adjust their contribution amount or swap investments, as well as to view balances, statements and other critical information about their account. Obviously, not many companies will want to rebuild or make significant changes to their technology infrastructure to add financial wellness resources.

Therefore, look for providers that can integrate their own turnkey solutions into existing platforms with little, if any, disruption. This includes giving benefit companies the option of white labeling those resources under their own brand.

Not only is there a clear opportunity for employers to invest in financial wellness programs to seek to maximize productivity by minimizing personal finance-related stress in the workplace, but there are also heightened risks of regulatory fines and penalties from the U.S. Department of Labor. These regulations are aimed at company retirement plans that fail to provide plan participants with the tools and guidance they need to make the most of their retirement plan savings and investments.

Given this extra layer of liability, it will be more important than ever for plans sponsors and employee benefits companies to pair up with the best possible financial wellness provider to give plan participants a better sense of their options and better prepare them for the future.

This information is designed to educate plan sponsors, plan advisors, and benefit providers but is not intended as authoritative guidance or legal advice. Each plan has unique requirements that must be evaluated on per case basis.

