
Unlocking the Full Potential of Financial Wellness Benefits



Morgan Stanley
AT WORK



Speakers



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Agenda

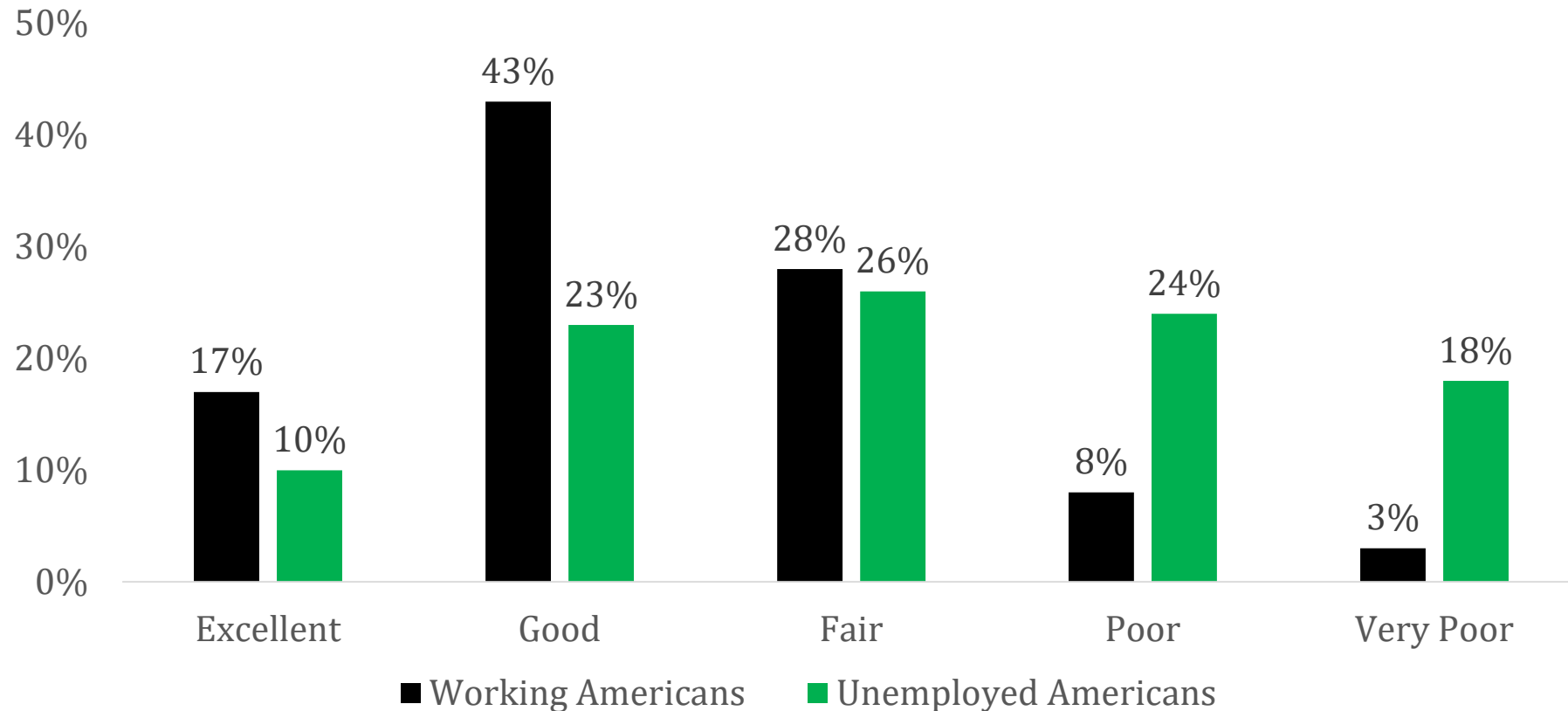
- 01** Understanding Financial Wellness
- 02** Financial Wellness Offerings & Benefits
- 03** Impact For Employers
- 04** Impact For Employees
- 05** Understanding TMRS, Social Security, and 457 deferred compensation
- 06** Appendix

Understanding Financial Wellness

What is financial well-being?

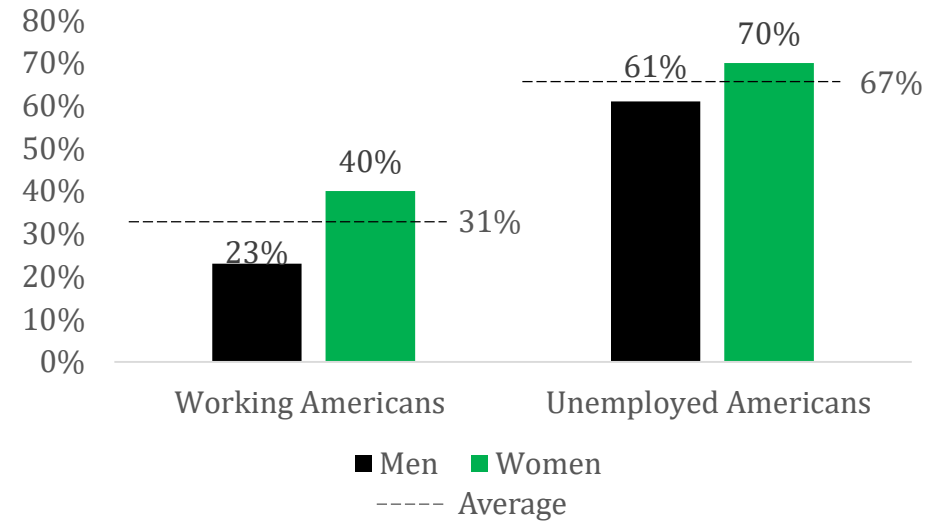
- ✓ Control over day-to-day, month-to-month finances
- ✓ The capacity to absorb a financial shock
- ✓ Being on track to meet your financial goals
- ✓ The financial freedom to make the choices that allow you to live your life

How Americans View their Financial Well-Being

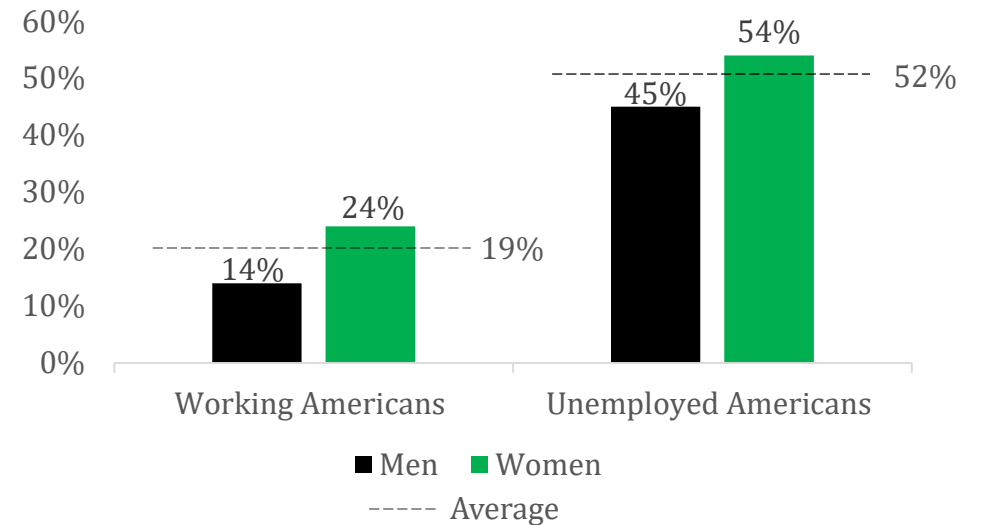


Financial Well-Being and Mental Health

Finance-related Anxiety

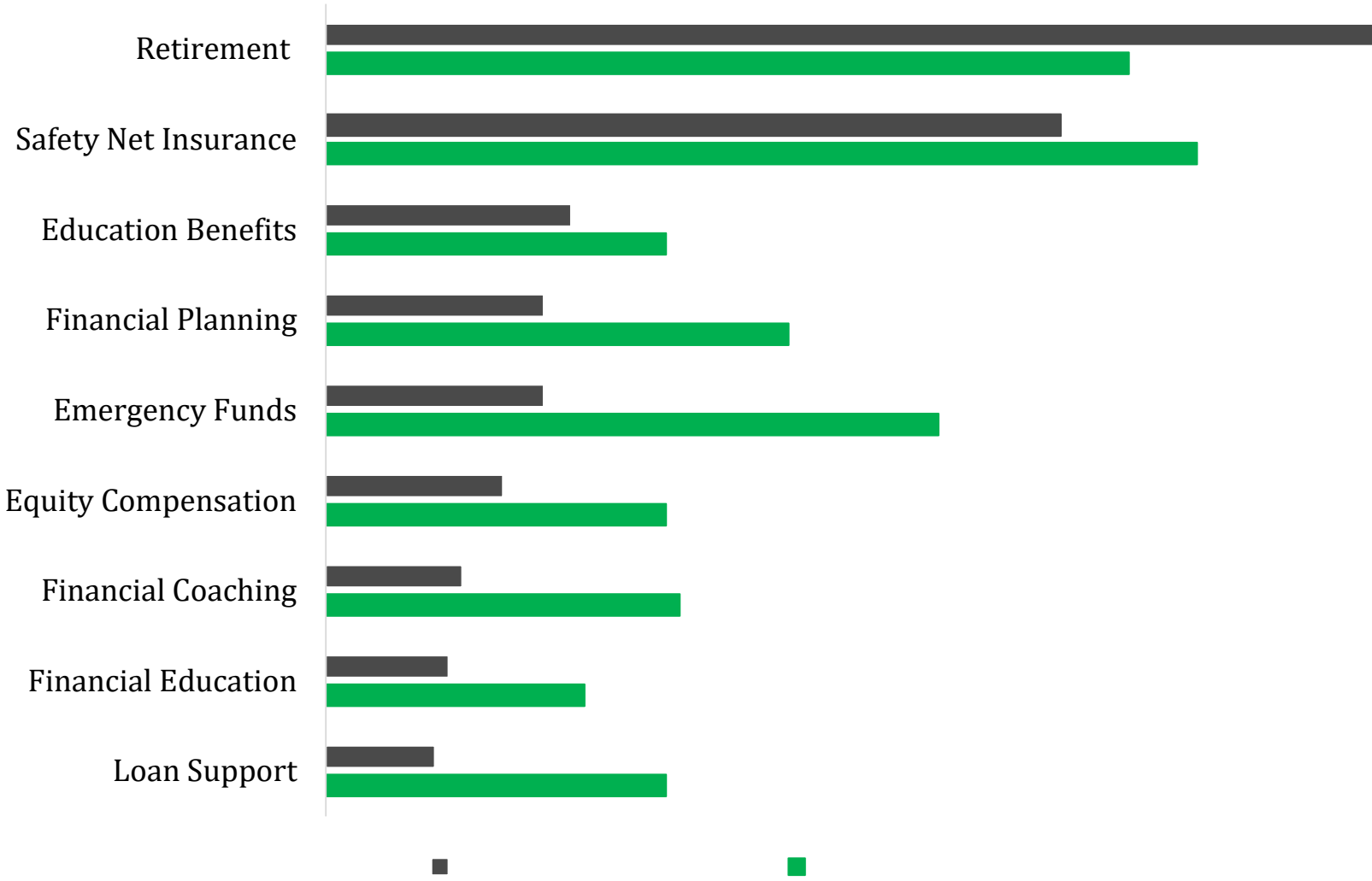


Finance-related Depression



Financial Wellness Offerings & Benefits

Most important benefits



Source: *Unlocking the Full Potential of Financial Wellness Benefits Report, SHRM and Morgan Stanley at Work, 2021*
<https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/pages/unlocking-the-full-potential-of-financial-wellness->

Most Common Financial Wellness Offerings



Retirement (95% of organizations offer)



Safety net insurance (89%)



Education benefits (45%)



Financial planning (35%)



Financial coaching (24%)

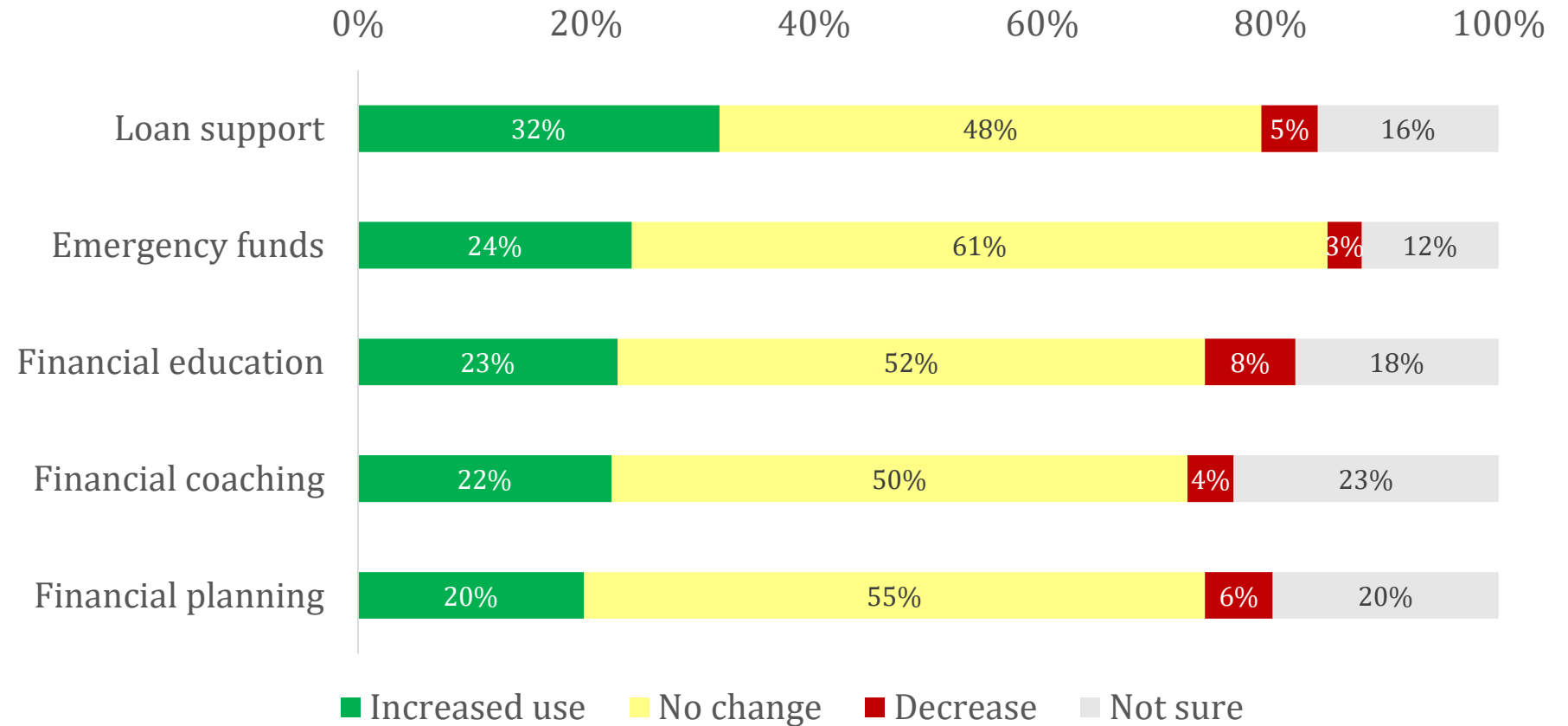
More common in...

Extra-large organizations (73%)
Publicly traded for-profit organizations (65%)

Extra-large organizations (47%)
Publicly traded for-profit organizations (44%)

Extra-large organizations (40%)
Publicly traded for-profit organizations (36%)

Financial Wellness Offerings and COVID-19

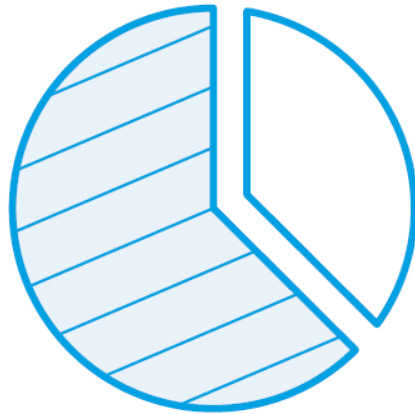


Financial Wellness & Employers

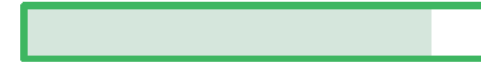
What are the top forces that can drain an employee's energy and attention?

69%

said that thinking about **their financial future** makes them feel stressed¹



87%



of employees **ask their employers for financial planning related services**²

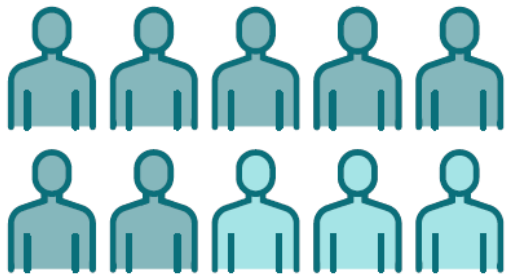
37%



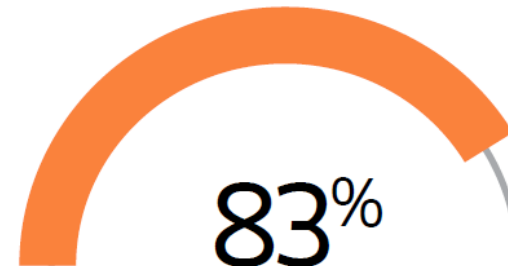
of employers **provide their employees with planning services**³

7 of 10

employees with student loans say their **loans significantly impact their ability to save for the future**⁴



83% said that their **employer financial wellness program** contributes to their feeling of financial security (EBRI)⁵



¹ Better for Employees, Better for Business: The Case for Employers to Invest in Employee Financial Health, Financial Health Network, 2018..

² Morgan Stanley/NASPP 2020 Financial Wellness Study

³ Source: Knowing Better, Doing Better: HR Executives' Perspectives on Employee Financial Health, Financial Health Network, October 2020

⁴ Alight Solutions 2021 Employee Wellbeing Mindset Study "https://alight.com/getmedia/841a0407-5c7f-4826-85aa-ff65ab96a1b2/Employee_Wellbeing_Mindset_study_2021_05426.pdf"

⁵ Employee Benefit Research Institute (EBRI) 2020 Workplace Wellness Survey

Employers are responding to their employees' call for Financial Wellness



86%
of employers consider themselves aware of their **employees' financial health challenges**



56%
of companies are planning to **spend about the same on financial health benefits** over the next two years, while



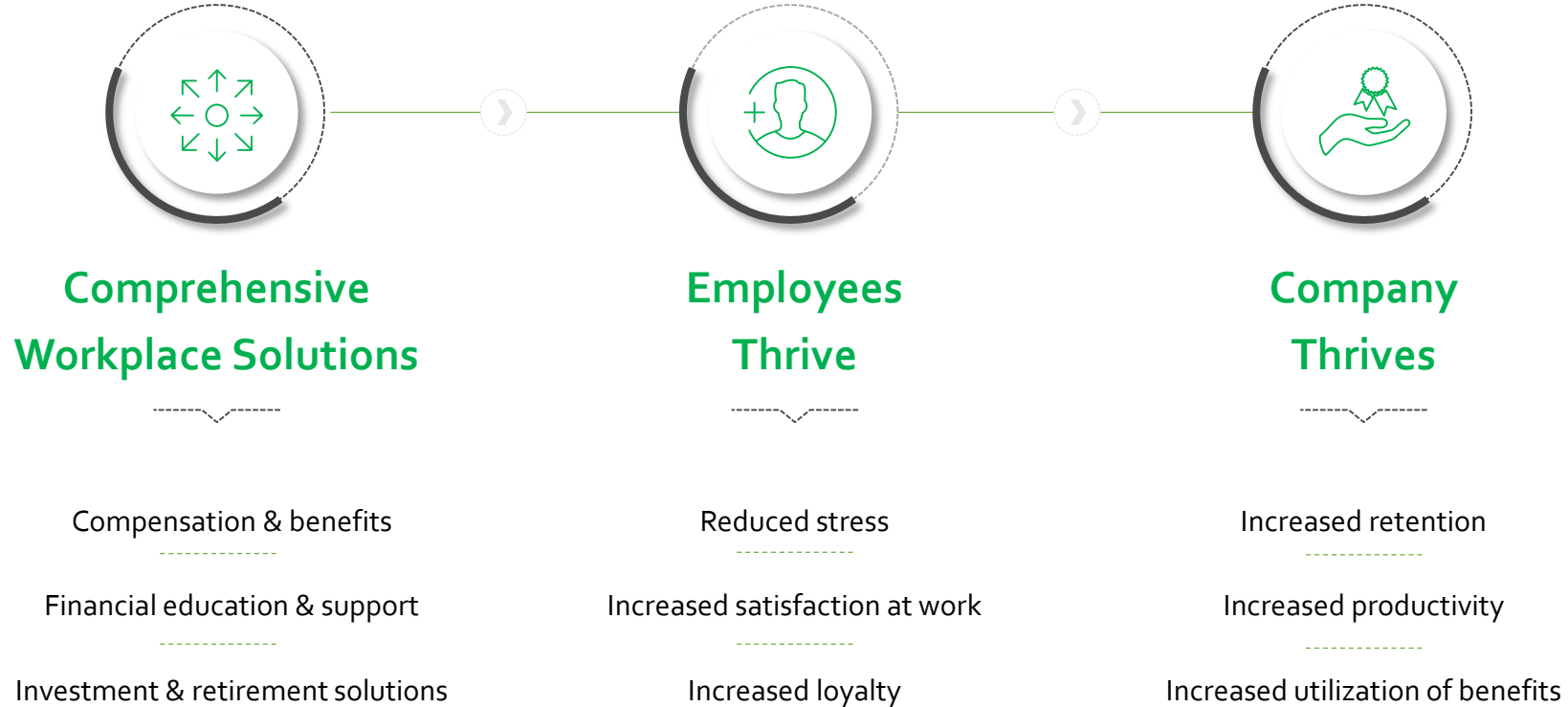
29%
are planning to **spend more**



82%
of employers **incorporate financial health** into their HR departments' strategic plans or plan to do so in the next year

Source: Better for Employees, Better for Business: The Case for Employers to Invest in Employee Financial Health, Financial Health Network, 2018. Data comes from a survey of 1,000 U.S. workers employed full-time for companies with more than 500 employees. The survey was conducted on behalf of Financial Health Network in November and December 2018 by Greenwald & Associates, with strategic contributions and financial support from Morgan Stanley.

When Employees Thrive, Employers Thrive Too

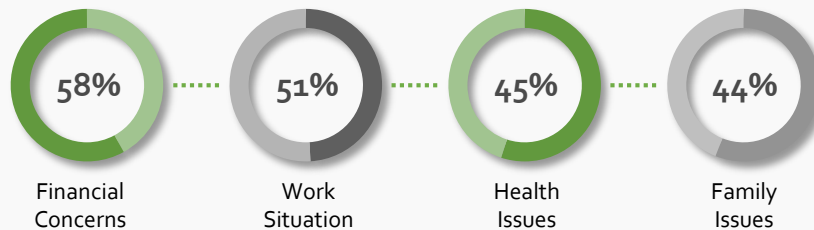


What Prevents Your Firm from Thriving?

We Surveyed 1,000 Full-Time Employees of Mid-Sized to Large US Companies and Found

Employees at All Income Levels Are Financially Stressed

How much stress are you experiencing in the following areas of your life? ⁽¹⁾



Over half

of workers whose households earn \$100,000+ say their finances cause them stress

Financial Stress Impacts Productivity ⁽³⁾

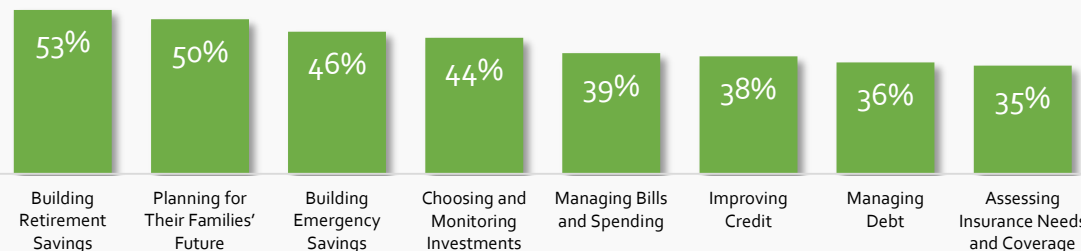


3 out of 4

of employees with high financial stress say it distracts them at work

Employees Have Diverse Financial Needs

Where do employees need help? ⁽²⁾



Employees Are Looking to Their Employers for Holistic Solutions ⁽⁴⁾

74%

Say it's important for an employer to offer financial wellness benefits

60%

Say they would be more likely to stay at a job that provided useful financial wellness programs

Source: Better for Employees, Better for Business: The Case for Employers to Invest in Employee Financial Health, Financial Health Network, 2018. Data comes from a survey of 1,000 U.S. workers employed full-time for companies with more than 500 employees. The survey was conducted on behalf of Financial Health Network in November and December 2018 by Greenwald & Associates, with strategic contributions and financial support from Morgan Stanley.

1. Answered "an extreme amount", "a great deal" or "a fair amount of stress"
2. Answered "A great deal or some help"
3. Answered "Very often, often, or sometimes"
4. Answered "Strongly agree or slightly agree"

What Now for Employers?



Assess – understand the financial needs of your workforce.



Strategize – develop a strategy and identify goals and objectives.



Plan – set a budget and decide which benefits/programs fit within the budget.



Personalize – adopt a tailored approach. There is no one-size-fits-all solution.



Communicate – adopt a compelling communication strategy.



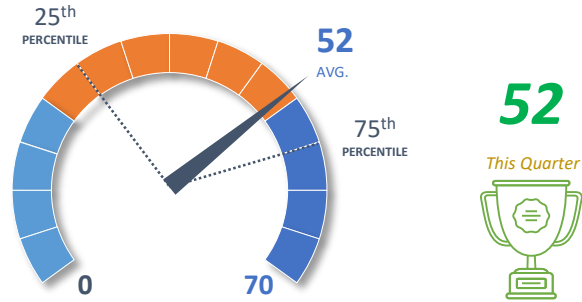
Review – adopt an iterative process. Continuously track and evaluate benefits/programs.

Sample Financial Wellness Dashboard

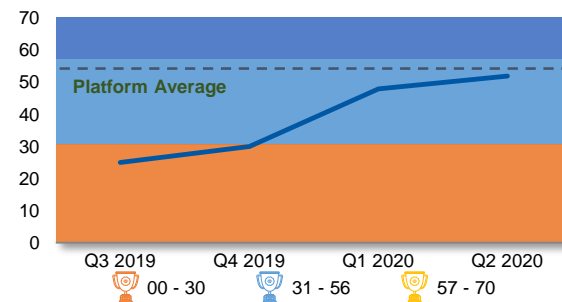
Financial Wellness Program Results – Q3 2020

OVERALL FINANCIAL WELLNESS

Overall Financial Wellness Assessment Score



Assessment Score Trend



PROGRAM ENGAGEMENT

Financial Wellness Engagement

Q3 Visits	2,342	
YTD Visits	10,223	Q3 Journeys Completed: 385
% Returning	44%	YTD Journeys Completed: 823
Q3 Assessments	851	
YTD Assessments	1,115	
% Assessed	15%	

OVERALL INSIGHTS

27% feel unprepared for retirement	38% do not contribute to company-sponsored retirement plans
62% do not have a financial plan put in place to help achieve their goals	65% are not familiar with different types of investment products
70% are stressed about their finances	74% Currently, have some form of debt

USER JOURNEY ENGAGEMENT

Journey	Assigned	Engaged	Completed
1 Paying Down Debt	100%	95%	75%
2 Retirement: Getting to the Max	80%	82%	66%
3 Creating & Keeping a Budget	77%	78%	60%
4 Planning your Finances	84%	66%	55%
5 Paying off Student Loans	55%	42%	48%

Top-5 Journeys

ONLINE CONTENT: TOP RESOURCES & TOOLS

Top-5 Articles

- 1 Retirement: What are your needs?
- 2 How to Build a Budget
- 3 Consolidating Student Loans
- 4 Understanding Your 401(k) Plan
- 5 Do-it-Yourself Mutual Fund Investing

Top Tools / Calculators

- 1 How much will I need for retirement?
- 2 How much should I save for my goal?
- 3 How much am I spending?
- 4 What is impact of increasing 401k contributions?

FINANCIAL EDUCATION & PLANNING (TO DATE)

4
Seminars

635
Attendees

9
Webinars

851
Attendees

31
Q3 Financial Plans

107
YTD Financial Plans

For Illustrative Purposes Only.

Financial Wellness & Employees

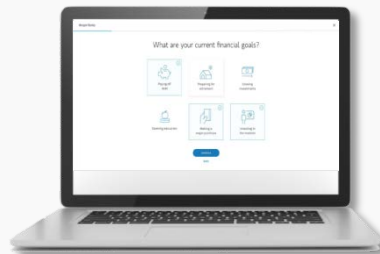
Employee Wellness Journey

Your Employees Have the Option to Measure Their Financial Fitness and be Matched with Personalized Journeys

ASSESSMENT



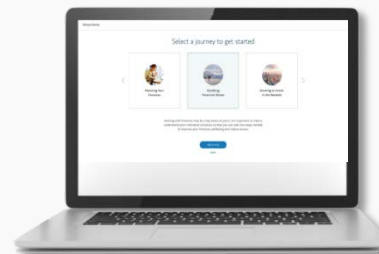
Start by asking questions to better understand who your employee is, how they feel about their finances and what's important to them.



OUTCOME



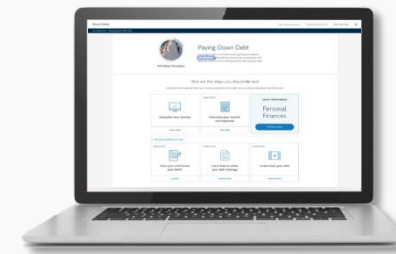
Financial Wellness medals will guide the employee on the strength of their financial fitness followed by showcasing personalized journeys that are specific to their financial needs.



ACTION







Each journey will provide your employees with steps to complete, with the goal to help improve their financial wellbeing.

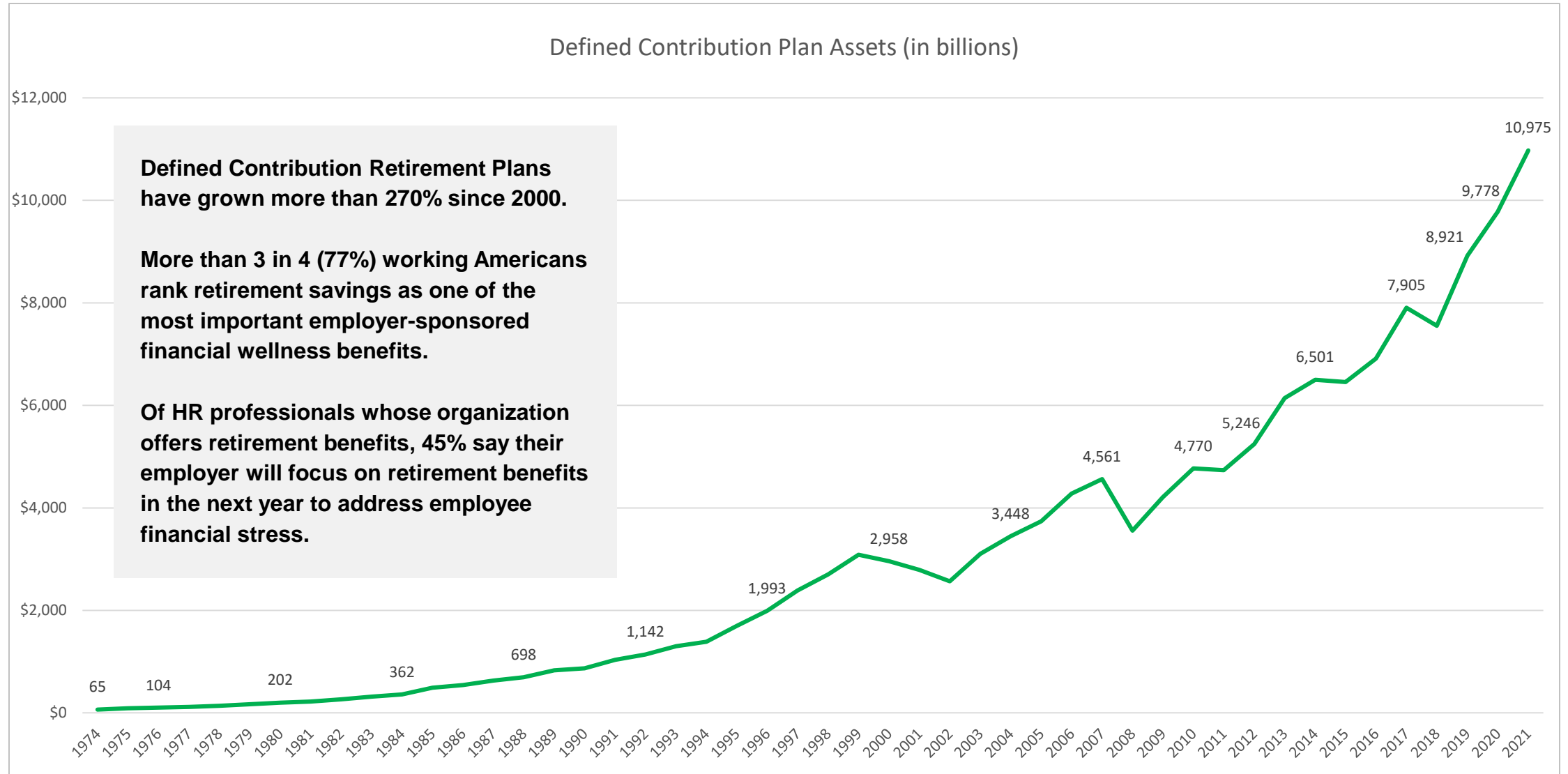


Understanding TMRS, Social Security, and 457 deferred compensation

Questions employees should ask themselves:

-  If I need to **replace 85% of my pre-retirement** income to maintain my current lifestyle, how will I get there?
-  How much should I expect to receive from my **TMRS, Fire or Police Pension?**
-  How much should I expect to receive from **Social Security?**
-  How much do I need to contribute to my **457 Deferred Compensation Plan to fill the gap?**

Retirement Plan Trends



Next steps for the HR Department



Evaluate the cost, services, and fiduciary oversight being provided by the current 457 deferred comp platform providers(s) – Initiate benchmark analysis.



Financial Wellness and retirement programs are interconnected. Determine how to integrate the Financial Wellness program with retirement programs offered by the city.



Develop a comprehensive education and enrollment program/campaign for the Financial Wellness program that includes the Defined Contribution Plan (457).



Develop a new employee onboarding process that incorporates all benefits to include Financial Wellness and 457 Deferred Compensation Plans.



Establish an educational plan that includes quarterly live webinars and online content.

Resources

Please scan the QR code to access the full research report.



research.shrm.org/fwb



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Primary Data Sample

1,000

U.S. Workers

1,000

Unemployed
Americans

1,205

HR Professionals

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