


NAGDCA ANNUAL
2021 Virtual Conference
 September 13-16

The Next Generation of Financial Wellness


Wednesday, September 15 | 3:30-4:20 p.m. ET

1


Meet the Panel




MODERATOR:
Sue Walton
 SVP, Senior Retirement Strategist
Capital Group | American Funds




PANELIST:
Ryan Lamb
 Accounting Manager
Ohio Public Employees Deferred Compensation Plan



PANELIST:
Virginia Maguire
 VP, Wealth Solutions
Align Solutions



PANELIST:
Steve Toole
 VP, Financial Wellness Tax-Exempt Markets
Prudential



2021 Virtual Conference
 September 13-16

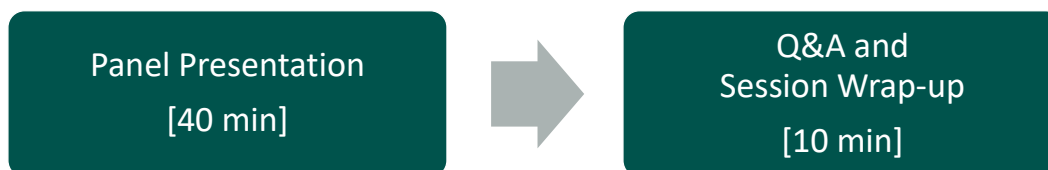
2

General Session Overview

Session Learning Objectives:

1. Explore financial wellness program components and communication approaches to help improve financial well-being of employees.
2. Learn about the importance of data sharing with recordkeepers.
3. Review the benefits of comprehensive financial wellness programs for both retirement plan participants and employers.

Session Agenda:



NAGDCA ANNUAL | 2021 Virtual Conference
September 13-16

3

3

Thank you to our Visionary Sponsors

Visit the NAGDCA website to learn more about our sponsors - nagdca.org/about/sponsors/



4

Setting the stage

5

Impact of CARES Act Distribution Provisions

- On average, 0.82% of state and local plan participants took Coronavirus-related distributions (CRDs) in July, up from just under 0.50% in April. The average CRD dollar amount dropped, however, to \$11,542 in July, from \$12,666 in April.
- According to the 2019 NAGDCA Perspectives in Practice Survey, the median of average account balances reported by public sector plans as of December 31, 2018, was \$45,505.
- This implies the typical CRD taken was a quarter of balances.



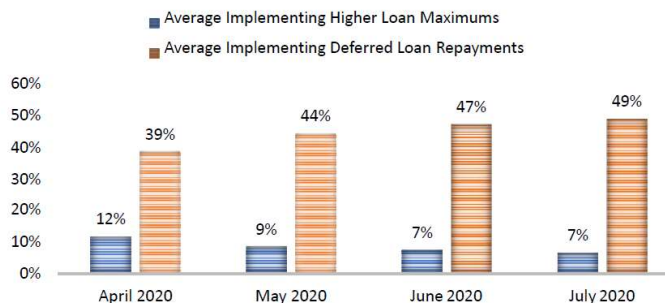
Note: Participants may take multiple distributions each month, which would be counted separately in this analysis.

Source: Public Retirement Research Lab Survey October 2020

6

Impact of CARES Act Distribution Provisions

- State and local DC plans implemented a higher number of deferred loan repayments versus higher loan maximums. This may reflect plan sponsors' concerns about plan leakage from greater loan access.
- Initially, public DC plan sponsors may have interpreted the \$100,000 CARES Act loan maximum to be mandatory. Subsequent clarification that the higher loan maximum isn't mandatory might explain the declining proportion offering these higher loan maximums.



Source: Public Retirement Research Lab Survey October 2020

Virginia Maguire, Alight

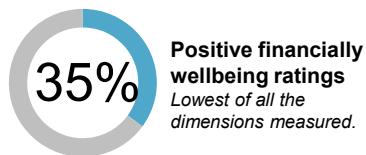
Financial anxiety spans all generations

Priority	Gen z	Emerging Millennials	Established Millennials	Gen x	Boomers
1	Reducing stress	Eating healthy	Eating healthy	Living within a budget	Living within a budget
2	Eating healthy	Balancing work and personal	Balancing work and personal	Wealth, investments and retirement income	Wealth, investments and retirement income
3	Balancing work and personal	Reducing stress	Getting exercise	Eating healthy	Eating healthy
4	Advancing career	Living within a budget	Reducing stress	Balancing work and personal	Routine medical screening
5	Living within a budget	Growing relationships	Living within a budget	Building an emergency fund	Managing work and personal

Yellow denotes financial wellbeing priorities

Source: Alight Solutions, Employee Wellbeing Mindset Study, 2021

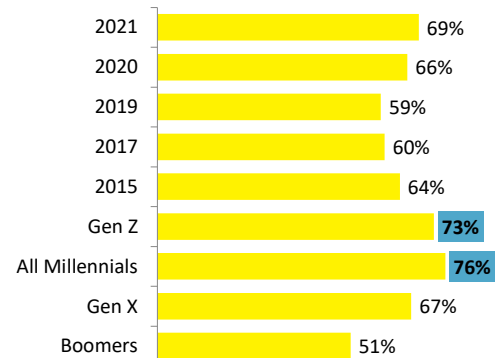
Financial challenges still persist and employees are open to help



29% Admit they're intimidated by financial matters
(41% Gen Z, 37% Millennials)

29%  5+ hours/month spent at work or during work on personal financial matters.
(36% Gen Z, 42% Millennials)

Comfortable sharing personal financial information in exchange for personalized guidance and support?



Source: Alight Solutions, Employee Wellbeing Mindset Study, 2021

Employees' financial actions show optimism

49% (+8 pts)

feel in control of their financial future

40% (-3 pts)

are afraid they will run out of money during retirement

84% (+2 pts)

feel satisfied with retirement benefit plans

57% (+9 pts)

created a financial action plan for their retirement goals

More than **one-half** of workers reduced spending during the COVID-19 pandemic.

Top 5 financial actions taken during COVID-19	2021	Gen Z	Emerging Millennials	Established Millennials	Gen X	Boomers
Reduced spending	54%	58%	51%	45%	59%	64%
Increased savings	35%	39%	36%	36%	36%	30%
Paid off/lowered debt	27%	20%	24%	23%	32%	33%
Found additional ways to earn money	26%	41%	28%	28%	22%	15%
Created, changed, or more strictly followed a budget	25%	38%	31%	23%	24%	16%

“

I am happy I cleared up my debt so I can focus on my future and making more of a savings plan for retirement.

Source: Alight Solutions, Employee Wellbeing Mindset Study, 2021



2021 Virtual Conference
September 13-16

11

11

Financial wellbeing is moving from strategy to execution

Development of financial wellbeing strategy

	2021	2020	2019
At this time, we do not intend to create a broad financial wellbeing strategy	15%	11%	12%
We are in the process of creating a financial wellbeing strategy	30%	45%	53%
We have created a financial wellbeing strategy and are in the process of executing it	41%	31%	27%
Our financial wellbeing strategy is fully executed	15%	13%	8%

Source: Alight Solutions, 2021 Hot Topics in Retirement and Financial Wellbeing

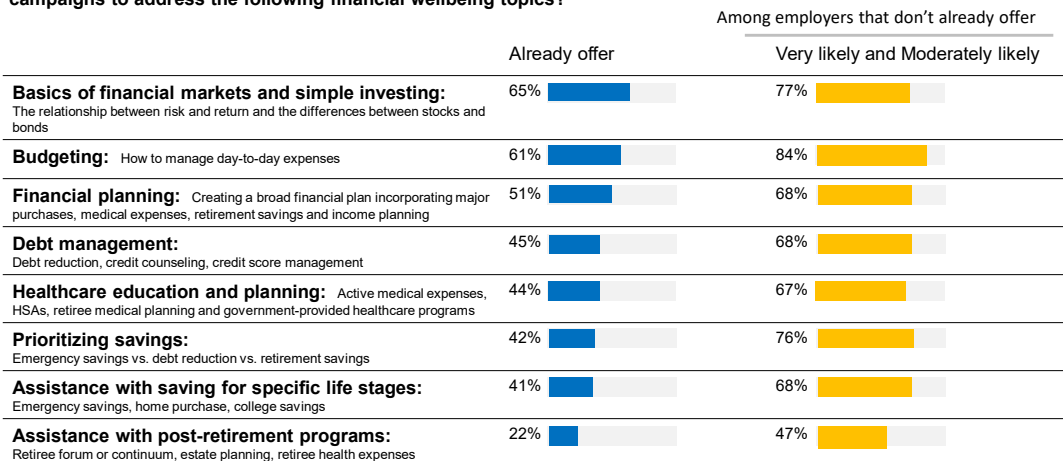


2021 Virtual Conference
September 13-16

12

Employer execution includes additional solutions

Does your organization currently offer (or how likely is it to offer) services, tools or education campaigns to address the following financial wellbeing topics?



Source: Alight Solutions, 2021 Hot Topics in Retirement and Financial Wellbeing

13



13

NAGDCA ANNUAL

2021 Virtual Conference

September 13-16

Ryan Lamb, Ohio DC

Financial Wellness: Plan Perspective

14

Ohio Public Employees Deferred Compensation Program (Ohio DC)

- Supplemental voluntary defined contribution retirement plan for Ohio public employees
- Established under ORC 148 / IRC 457
- ~2,000 state and local governments in Ohio DC
- ~249,000 participant accounts
- ~\$20 billion in assets
- Mission: *Guide participants along the path to retirement income security*

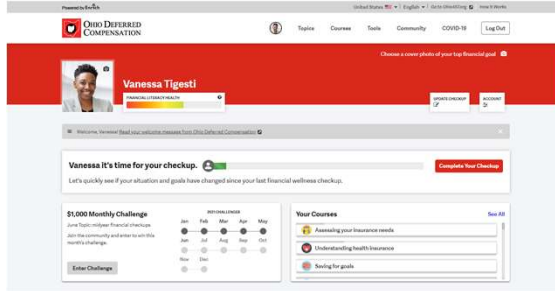
Research and Implementation Process (2018 to 2020)

- Employer, State, Ohio DC and Ohio public pension education efforts
 - Retirement focused, limited in scope
 - Need/desire for comprehensive financial education
- Potential Sponsors
 - Individual employers (More productive work force)
 - Pension systems (Close retirement income gap)
 - Ohio DC (Aligns with mission)
- Factors of a successful financial wellness program
 - Comprehensive resources
 - Supported methodology and proven success
 - Interactive digital tools with data reporting
 - No cross-selling
- RFP Issued in January 2020
 - Five vendors responded
 - Rigorous review based on above led to selection of Enrich



Financial Wellness Provider: Enrich

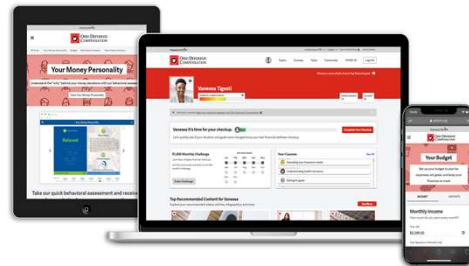
- Used by 20,000+ employers and 300+ financial institutions
- Branded for Ohio DC
- Single Sign-On experience for users
- Dynamic tools and courses on financial topics including
 - Debt and credit cards
 - Loan forgiveness
 - Mortgages
 - Budgeting
 - Investing and retirement
- 2019 Enrich user outcomes included:
 - 27 percent increase in emergency savings funds to cover three to six months of expenses
 - 28 percent increase in credit cards being paid in full every month
 - 32 percent increase in employees getting on track with their financial goals



17

Preliminary Data/Impact

- Launch data (May – August 2021):
 - 4,000+ registrations and 2,200+ article views
 - Average course knowledge gain: 17%
 - Pilot survey (n = 96)
 - 81% stated info was effective, above average, or exceptional
 - 47% say they will likely or very likely continue to access Enrich
 - Popular topics:
 - Saving/Investing
 - Budgeting
 - Estate Planning
 - Cryptocurrency
- Ohio DC goals:
 - Improved financial and personal wellbeing
 - Reduced financial stress levels
 - Higher levels of retirement contributions
 - Reduction in Unforeseeable Emergency distributions
 - Deeper partnerships with government employers



18

NAGDCA ANNUAL 2021 Virtual Conference

September 13-16

Steve Toole Prudential

19

Building Future-Ready Public Sector Organizations

Trends and Insights

46% of public workers say they feel more valued in the past year, with 44% strongly agreeing they feel valued now

71% of workers confident about keeping their job in the next three years

47% of public workers said their mental health was negatively affected by Covid-19

So What?

- Higher employee engagement
- Mental wellness negatively impacted and not prioritized
- Financial wellness not being prioritized

Implications

- Recruiting/Retention
- Leverage lessons learned
- Learn and develop new tactics
- Increase awareness of existing benefits
- Holistic wellness
- Add options as needed

Source: These insights based on a 2020 survey generated by The Economist Intelligence Unit and sponsored by Prudential. For Financial Professional and Institutional Plan Sponsor use only. Not to be distributed to plan participants or the general public.

20

Public Workers are More Worried About Financial Matters

Trends and Insights

26% of white workers are very worried about having to pay for an unexpected expense versus 41% black workers and 43% Hispanic workers

30% said their financial wellbeing was impacted. Only 18% of workers and 17% of senior managers say it is being prioritized

13% say they have access to financial wellness tools/resources and 27% to mental health assistance

So What?

- Workers who feel valued, respected are more worried about their financial challenges
- Workers who feel less valued and respected are less concerned about their finances
- Lack of emergency savings impeding retirement security
- Mental wellness most negatively impacted and not being prioritized

Implications

- Financial challenges vary by employee segment
- Efforts to drive awareness and engagement are critically important
- Survey employees and address needs as applicable

Source: These insights based on a 2020 survey generated by The Economist Intelligence Unit and sponsored by Prudential. For Financial Professional and Institutional Plan Sponsor use only. Not to be distributed to plan participants or the general public.



2021 Virtual Conference
September 13-16

Insights from Two FW Solutions



2021 Virtual Conference
September 13-16

Financial Wellness Assessment

Trends and Insights

56% of participants do not have 6+ months of emergency savings¹

65% of participants don't think they'll have enough savings for retirement or are not sure¹

77% of participants are not confident about their finances¹

What it Does

- Objective participant status
- Personalized, next best actions
- Serves as a baseline for relationship
- Aggregate reporting offers key insights

Benefits

- Better outcomes
- Personalized
- Next best steps
- Intelligent scoring algorithms
- Data insights

Outcomes

10%

of assessment takers increased their deferral rate within 30 days²

5%

of assessment takers increased their deferral rate within one day²

1.67%

is the average deferral rate increase, of assessment takers²

¹ - Prudential Financial Wellness Assessment Results, April 30, 2021
² - Prudential Retirement Recordkeeping System
 For Financial Professional and Institutional Plan Sponsor use only. Not to be distributed to plan participants or the general public.

2021 Virtual Conference
 September 13-16 23

23

Student Loan Assistance

Trends and Insights

74% feel stressed daily about their student loan debt and spend time at work thinking about it, impacting productivity¹

\$393 is the average monthly student loan payment for 20 years²

\$26,000 in interest alone, the average student loan accrues, or 67.1% of the total cost repayment²

What it Does

- Online education
- Virtual counseling
- Personalized student loan repayment scenarios
 - Pay off their student loans faster
 - Find repayment options
 - Tap into live one-on-one advisors

Benefits

- Conflict free
- Unlocking savings for retirement
- Needs based
- Employer paid option
- PTO
- Family & Friends
- PSLF (Public Service Loan Forgiveness program)

Outcomes

\$251

average payment reduction³

7%

greater average plan participation than plans without⁴

13%

greater contribution levels than plans without⁴

8%

greater engagement with Prudential's Financial Wellness portal than plans without⁴

¹ - Benefit News, 2019
² - Educationdata.org; Average Student Loan Payment; May 2021
³ - Student Loan Assistance is a capability that is provided via a third-party vendor; pilot results based on five customer pilots (one pilot began in Q4 2016 and four in Q1 2017)
⁴ - Prudential Retirement Enterprise Data Warehouse - as of the end of Q1 2020. Excludes Taft Hartley plans, frozen terminated, abandoned plans and plans where only the employer is contributing.
 For Financial Professional and Institutional Plan Sponsor use only. Not to be distributed to plan participants or the general public.

2021 Virtual Conference
 September 13-16 24

24

Insights from a Large State Plan

25

Financial Wellness Assessment

What their employees have told us¹

How are you feeling about your finances?	BoB	State Plan		
		Total	M	F
Confident	23%	19%	26%	13%
Ok	57%	58%	59%	58%
Stressed	20%	22%	14%	29%

What is causing your level of stress? ²	BoB	State Plan		
		Total	M	F
Monthly Bills	35%	36%	37%	34%
Student Loan Debt	18%	16%	11%	19%
Credit Card Debt	25%	25%	24%	26%
Saving for the Future	69%	66%	68%	64%
Mortgage	20%	21%	23%	20%
Something Else	17%	17%	17%	18%

1 - State Plan represents 4,205 completed between 06/30/2020 - 05/31/2021. Data is from Prudential Retirement DataMart.
2 - Among respondents who are Stressed or Ok. Users may select multiple responses, and therefore the sum of responses may be greater than 100%. For institutional plan sponsor use only. Not to be distributed to plan participants or the general public.

26

Financial Wellness Assessment

What their employees have told us¹

What age would you like to retire?	BoB	State Plan		
		Total	M	F
55 or Younger	8%	21%	28%	16%
56 – 60	15%	20%	18%	21%
61 – 65	34%	31%	28%	34%
66 – 70	39%	24%	23%	26%
71+	3%	3%	4%	3%

If you were suddenly out of work, how long could you cover household expenses?	BoB	State Plan		
		Total	M	F
Less than a month	10%	12%	9%	15%
1-2 months	20%	22%	20%	24%
3-5 months	23%	22%	22%	22%
6+ months	44%	40%	46%	35%
Not sure	4%	4%	3%	5%

1 – State Plan represents 4,205 completed between 06/30/2020 – 05/31/2021. Data is from Prudential Retirement DataMart.
 2 – Among respondents who are Stressed or Ok. Users may select multiple responses, and therefore the sum of responses may be greater than 100%. For institutional plan sponsor use only. Not to be distributed to plan participants or the general public.



2021 Virtual Conference
September 13-16

27

Financial Wellness Assessment

What their employees have told us¹

Do you think you'll have enough savings for the retirement you want?	BoB	State Plan		
		Total	M	F
No	29%	33%	29%	37%
Not sure	36%	35%	30%	39%
Yes	35%	31%	41%	23%

Do you pay your bills on time and in full each month?	BoB	State Plan		
		Total	M	F
Never	0%	0%	0%	1%
Rarely	3%	3%	1%	4%
Often	16%	17%	12%	21%
Always	81%	80%	87%	75%

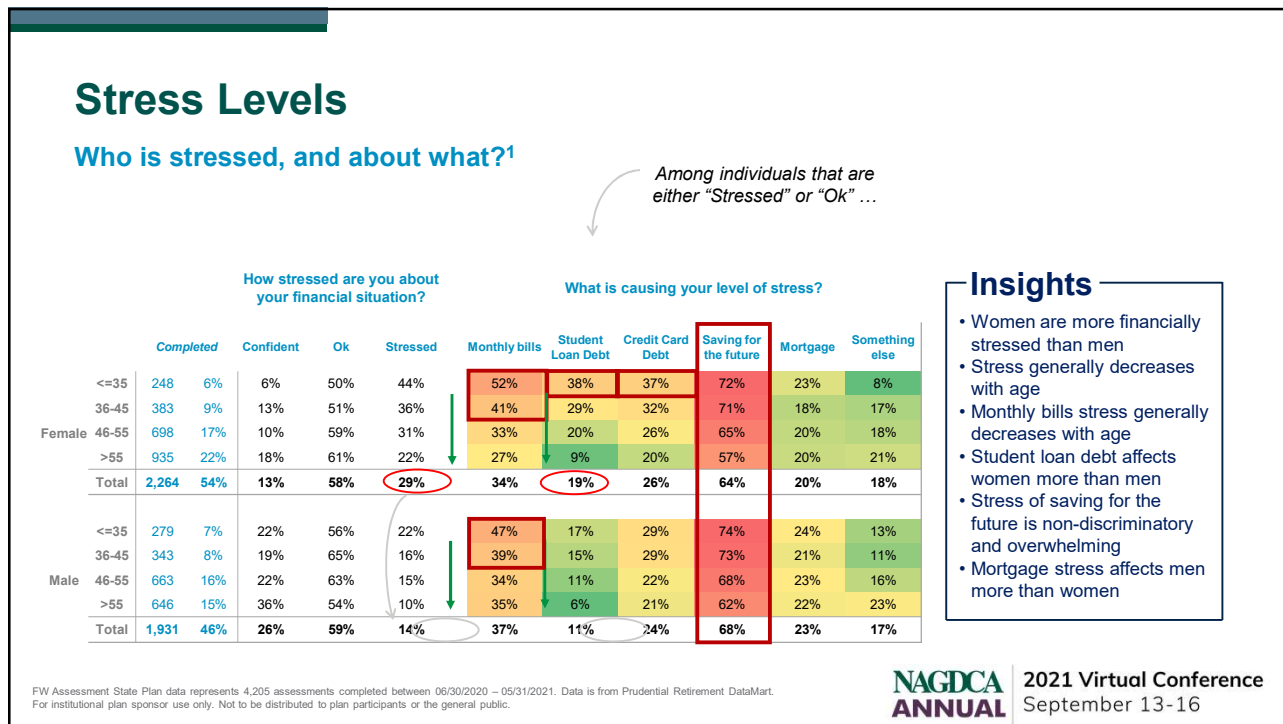
10% of State Plan FW Assessment takers increased their deferral rate within 30 days of taking the Assessment, including 6% within 1 day

1 – State Plan represents 4,205 completed between 06/30/2020 – 05/31/2021. Data is from Prudential Retirement DataMart.
 2 – Among respondents who are Stressed or Ok. Users may select multiple responses, and therefore the sum of responses may be greater than 100%. For institutional plan sponsor use only. Not to be distributed to plan participants or the general public.

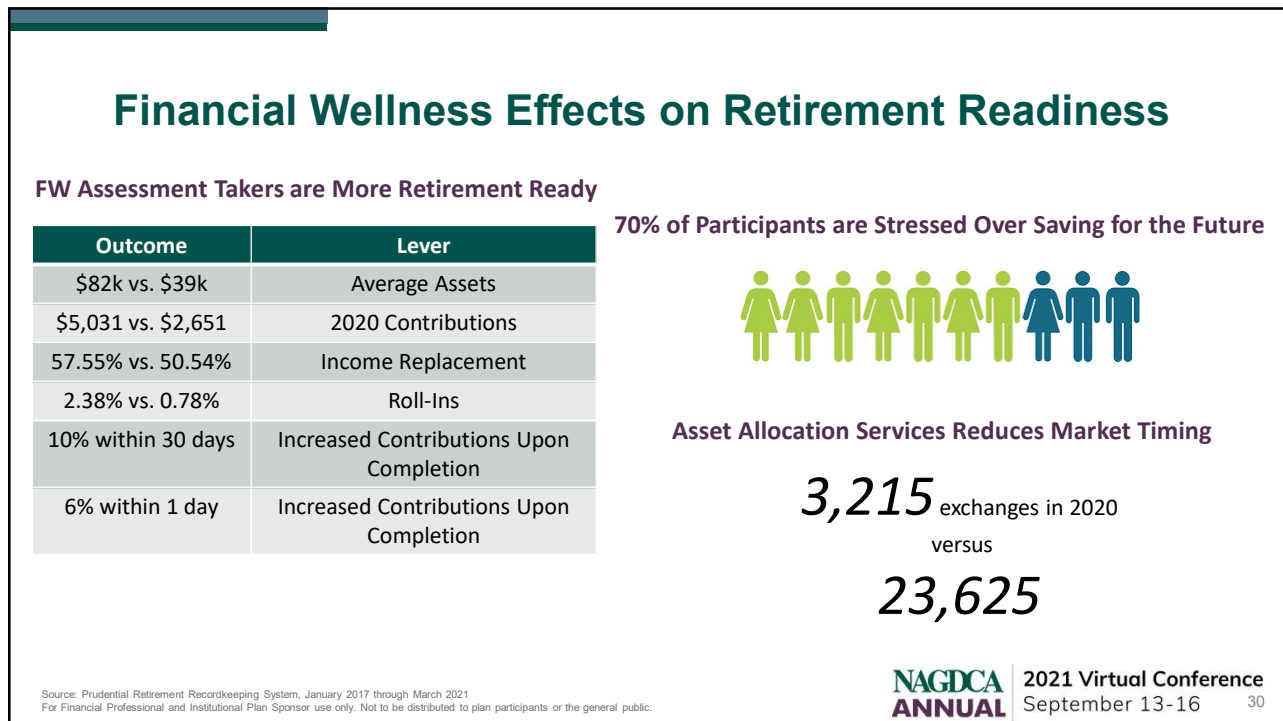


2021 Virtual Conference
September 13-16

28



29



30

Q&A

Please submit questions in the Q&A window.

CE Code:

NAGDCA | 2021 Virtual Conference
ANNUAL | September 13-16 31

31

Conference Closing

NAGDCA | 2021 Virtual Conference
ANNUAL | September 13-16 32

32