

Building a Financially Resilient Workforce

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Learning Objectives

- 1 Challenges Impacting Your Diocese
- 2 Financial Stress & Your Workforce
- 3 Retirement Savings Trends and Challenges
- 4 Strategies for Building a Financially Resilient Workforce

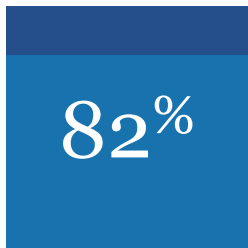
Diocesan Challenges

Effects on your workforce

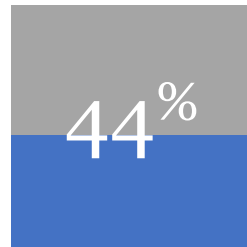
- Financial constraints impact compensation
- Geographically dispersed workforce
- Aging workforce
- Increased healthcare costs
- Competitive landscape for schools

What's causing financial stress in your workforce?

Personal finance factors make it difficult to save

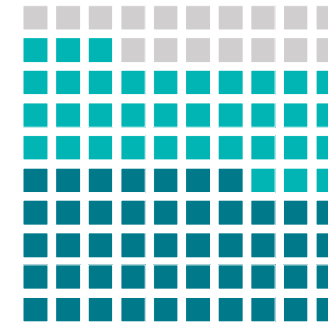


of workers have at least three competing financial priorities in addition to saving for retirement.



have five or more competing financial priorities.

- 60% say their debt is a problem.
- 58% have credit card debt.
- 35% spent some or all the money they had in an emergency fund in the past year.
- 34% incurred major or moderate medical expenses over the past several years; 17% have medical debt.
- 33% of millennials and Gen Z have student loan debt.



Eighty-three percent of workers say finances contribute to their stress, including 47% who say it's a major or biggest factor of stress.

Your Employees Worry About...

What They Spend

“How much can I actually afford?”

“I’ll be better next month.”

How They Save

“How much do I need to retire?”

“Do I have enough savings to cover an emergency?”

When They Borrow

“How can I pay for my child’s education?”

“I’ll just use my credit card and worry about it later.”

What They Earn

“Will my income keep up with inflation?”

Those They Love

“Does my life insurance policy support the lifestyle of my dependents?”

“Do I have funds to manage my loved one’s medical care?”

What They Own

“How do I protect my assets?”



A Challenging Global Economy

It wasn't that long ago.....

Historic Inflation

“Highest inflation increase in **40 years.**”

-Associated Press

Portfolios

“401(k) plans falling for the first time in **10 years.**”

-CNN

Paychecks

“**36%** of employees making \$100k or more report living **paycheck-to-paycheck.**”

-CNBC

Interest Rates

“Highest increase in **28 years.**”

-CNBC

Stocks

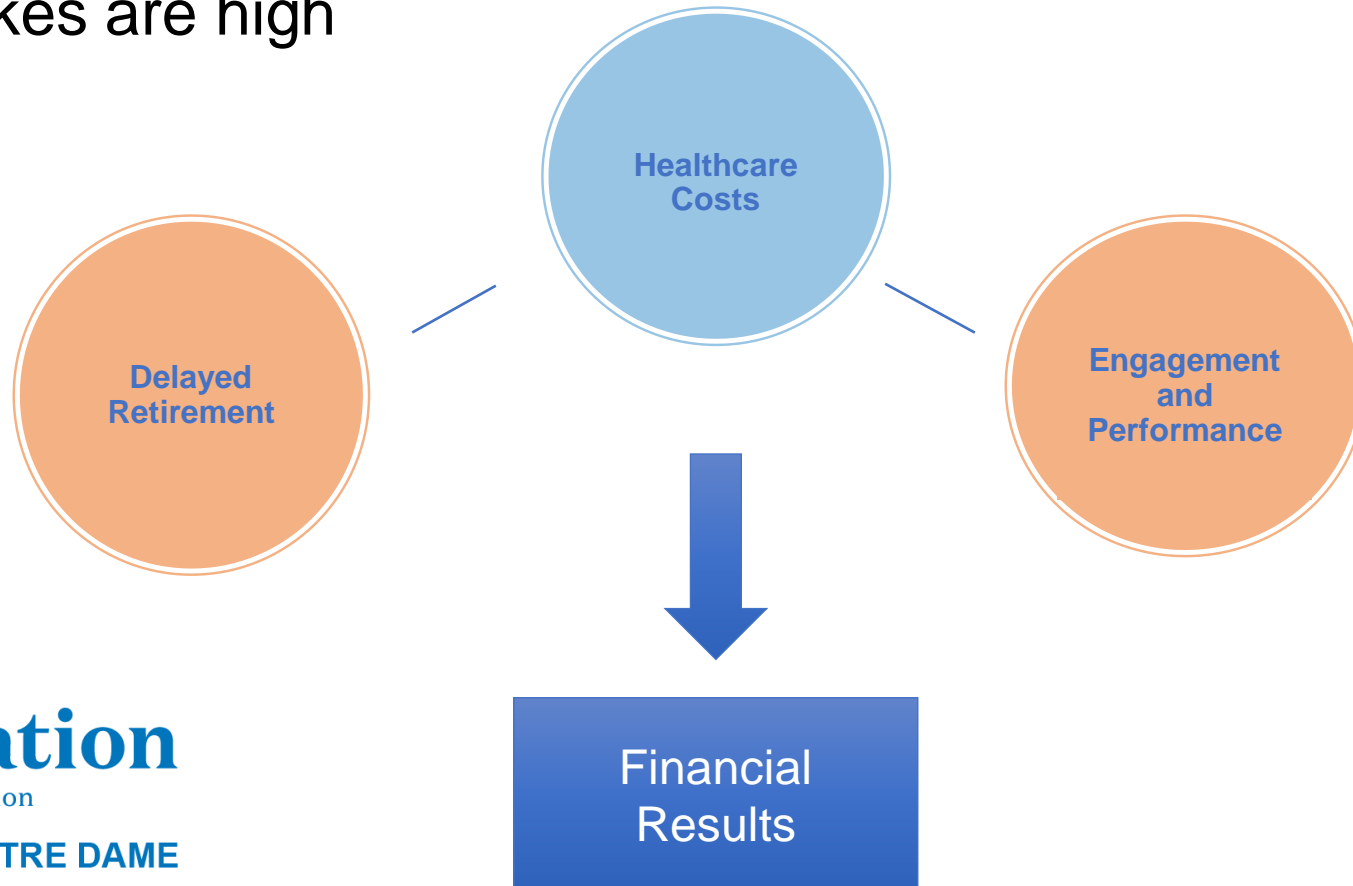
“The market is **down more than 20%** this year.”

-Wall Street Journal

How does financial stress financially impact your Diocese?

Impact on Organizational Wellbeing

The Stakes are high



Financial Stress + Physical Health

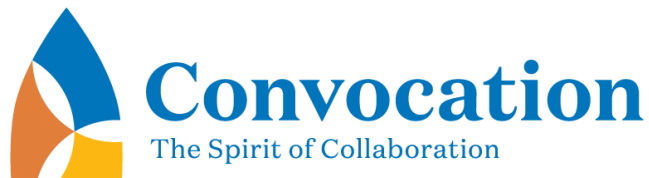
Which would you prefer?

6 in 10

NEARLY 6 IN 10 EMPLOYEES REPORT FINANCIAL STRESS IS IMPACTING THEIR PHYSICAL HEALTH.



Sources: Worrells Solvency, Forensic Accountants, 2018, Associated Press-AOL Health, 2015 Prudential, "The State of Financial Wellness in America — Findings from Employee Self-Assessments," 2017 Bank of America Corporation, "2017 Workplace Benefits Report," December 2017



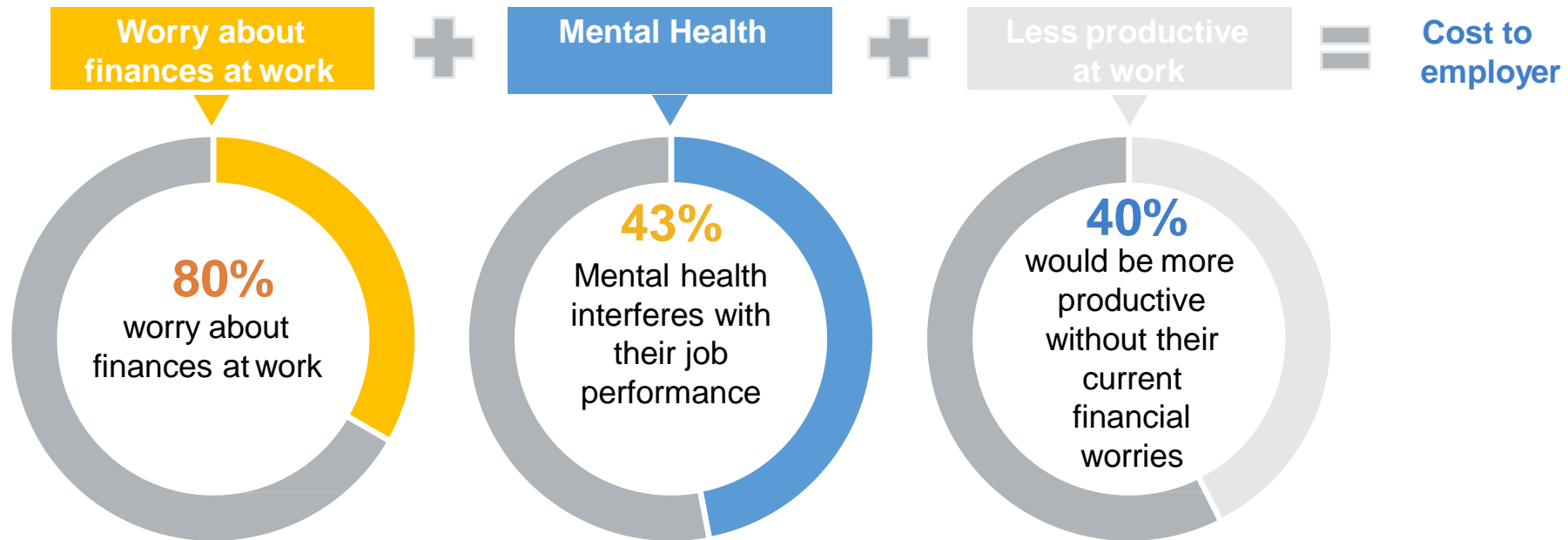
Delayed Retirement Cost

Financial Impact to Diocese

- A look at some numbers
 - 10% postpone retirement
 - Annual Compensation = \$65,000/\$30,000
 - Annual Health & Welfare = \$10,000/\$3,250
 - Annual Days Missed = \$3,400/\$1,600
 - 500 Employees
 - Differential - \$43,350 (50) =
 - \$2,167,500 per year

Sources: APEX.HRM-Gallagher Benefit Services, A Division of AJG, Employee Benefit Research Institute and Bureau of Labor Statistics

Engagement and Performance



Source 2022 John Hancock Financial Stress Survey

What are you doing to build financial resiliency in the workforce?

How today's workforce feels about jobs, benefits and lives

Employees are reassessing their priorities – at work and at home

Lincoln's 2022 Group Benefits study asks more than 2,500 full-time workers how they feel about their jobs, benefits, and work-life balance. The answers provide the insights employers need to understand how their workforce feels about:



Job satisfaction



Flexibility and leave



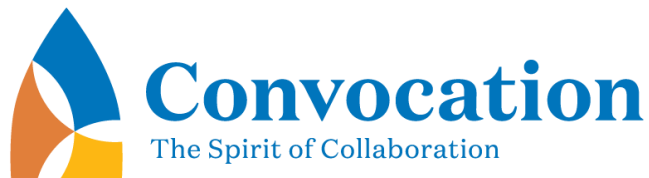
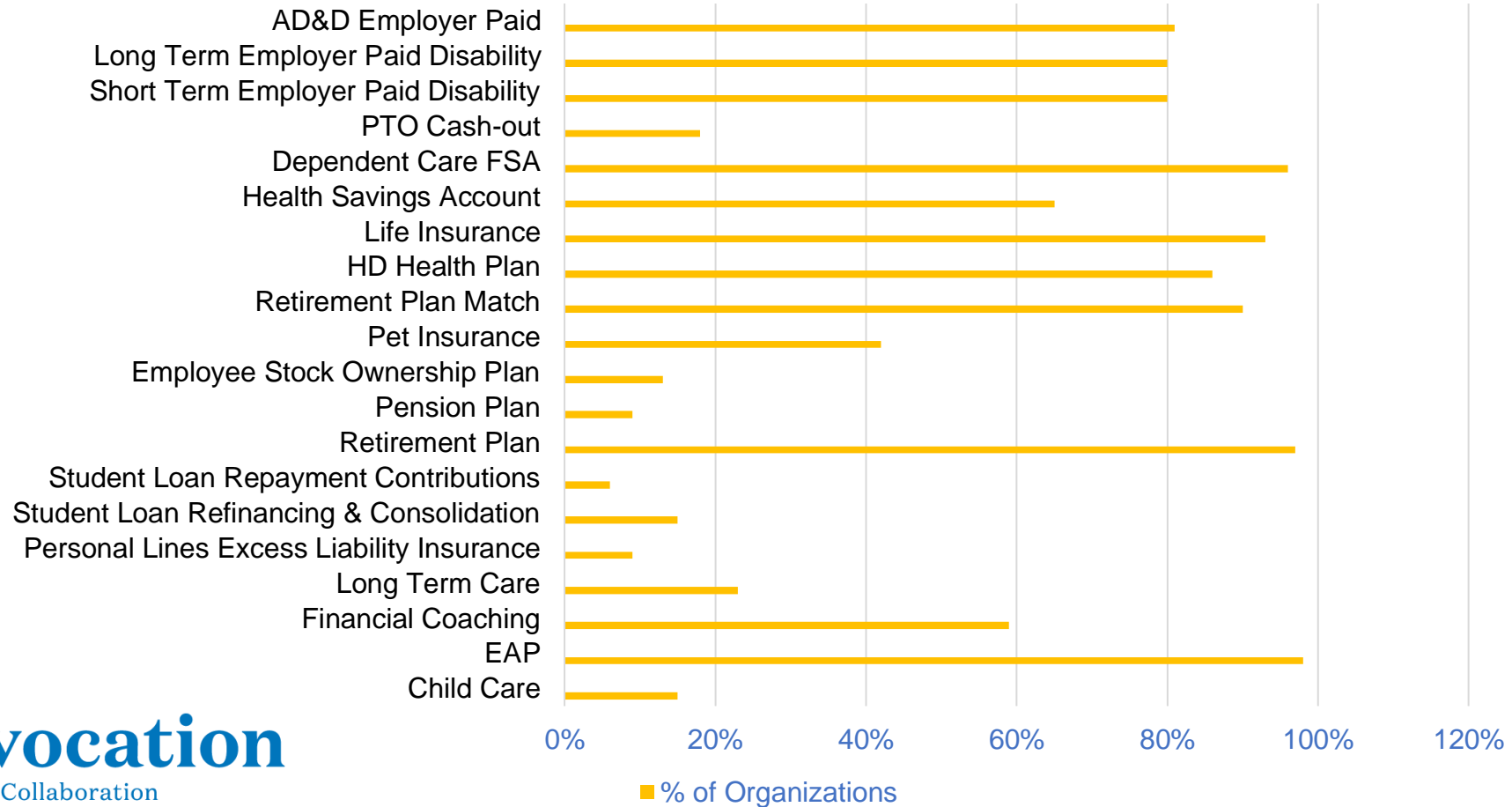
Mental health and wellness



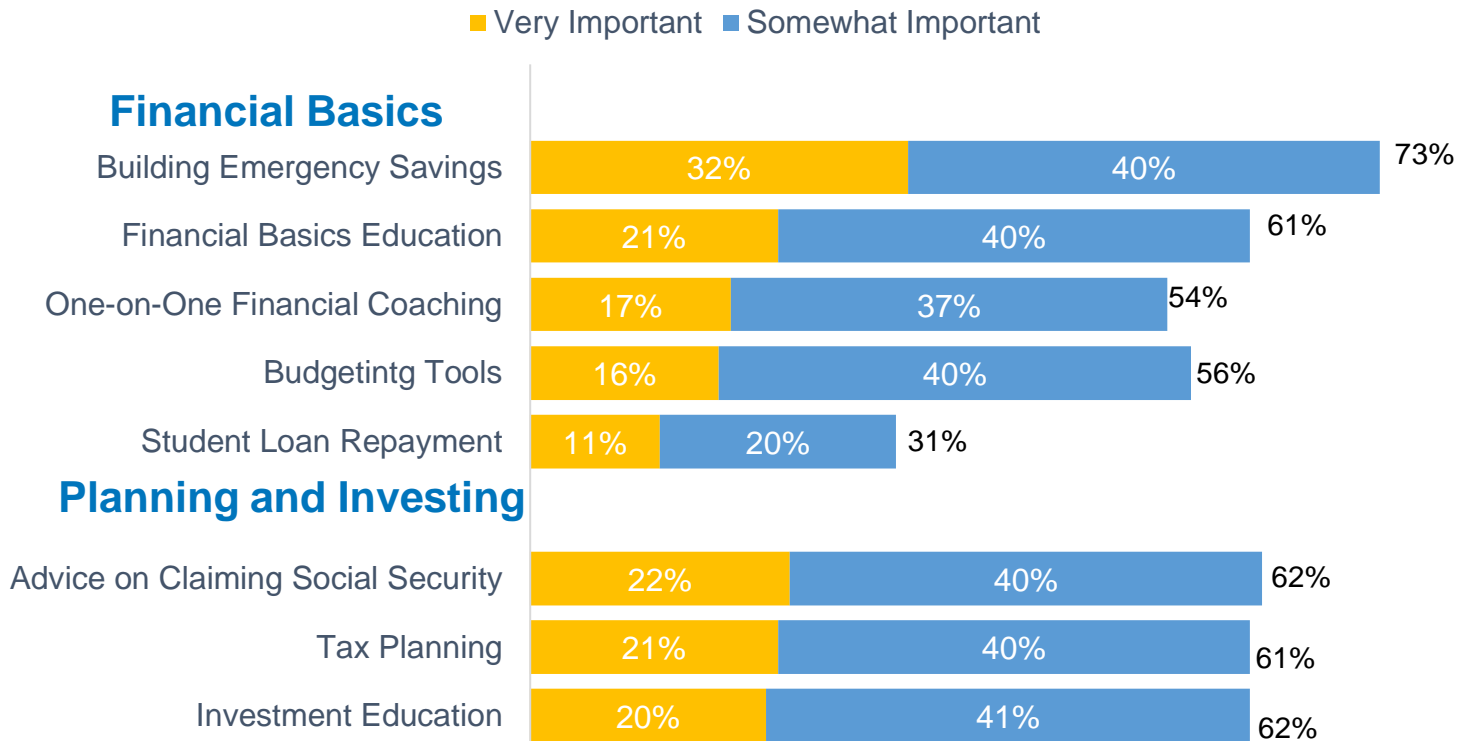
Benefits education, decision making, and enrollment

Unless otherwise noted, all information provided in this presentation is from the Lincoln, Wellness@Work: Group Benefits, 2022.

Employer Action



Building Financial Resiliency Strategies



Source: [T. Rowe Price Retirement Savings and Spending Study](#), 2022. Numbers may not total due to rounding.

Legislative & External Influences

- SECURE 1.0 & 2.0
- Coronavirus Aid, Relief, and Economic Security (CARES) Act
- Coronavirus Response and Consolidated Appropriations Act
- Department of Labor Guidance on Retirement Plan Cybersecurity Best Practices
- Public Service Loan Forgiveness Program
- Congressional action on retirement plan distributions and CIT's

The state of retirement savings

2023 Wellness@Work Study

Based on a national survey of 2,604 full-time workers who were eligible to contribute to an employer-sponsored retirement plan, including 2,104 participants and 500 non-participants. Greenwald Research, a third party market research firm, conducted the study on behalf of Lincoln Retirement Plan Services. Online interviewing took place from February 16 to March 14, 2023. Similar surveys were conducted in 2012, 2015, 2017, 2019, and 2021. Unless otherwise noted, all information provided in this presentation is from the 2023 Wellness@Work Study.

The goal? Gain insight into:

- The impact of the current economic climate on participation and contributions
- Ways to drive contributions and motivate saving
- Impact of financial wellness programs
- Interest in guaranteed income products
- Participant savings behaviors and trends



What we learned

Challenge:

Preparing for retirement has become more challenging in today's economic climate

- Less discretionary income
- Less confidence about making decisions
- Concerns about investment performance



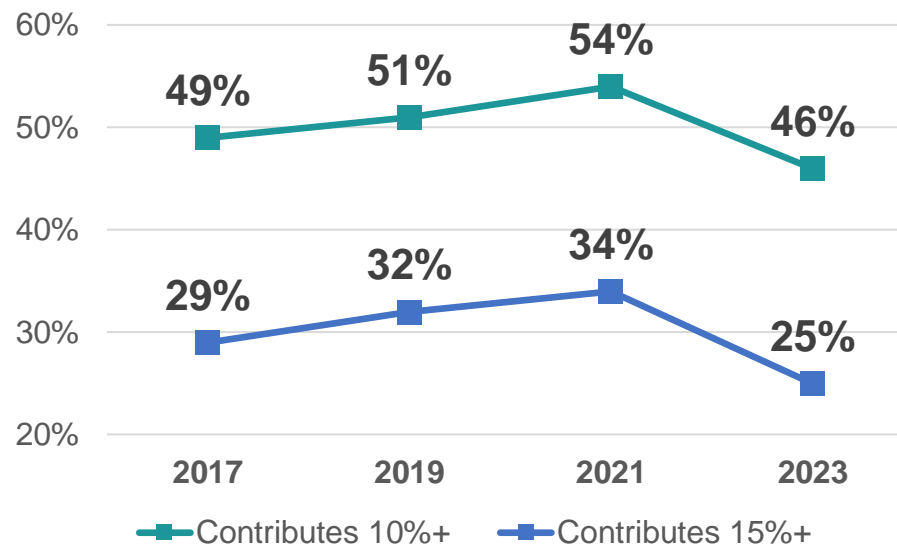
Solution:

Plan design, benefits, and a personalized approach to education can help boost retirement outcomes amidst challenges

- Empower employees to make confident decisions
- Facilitate goal-setting
- Help employees manage competing financial priorities
- Make communication and education more personal
- Leverage the power of plan design

Contribution rates and confidence are down amidst a challenging economic climate

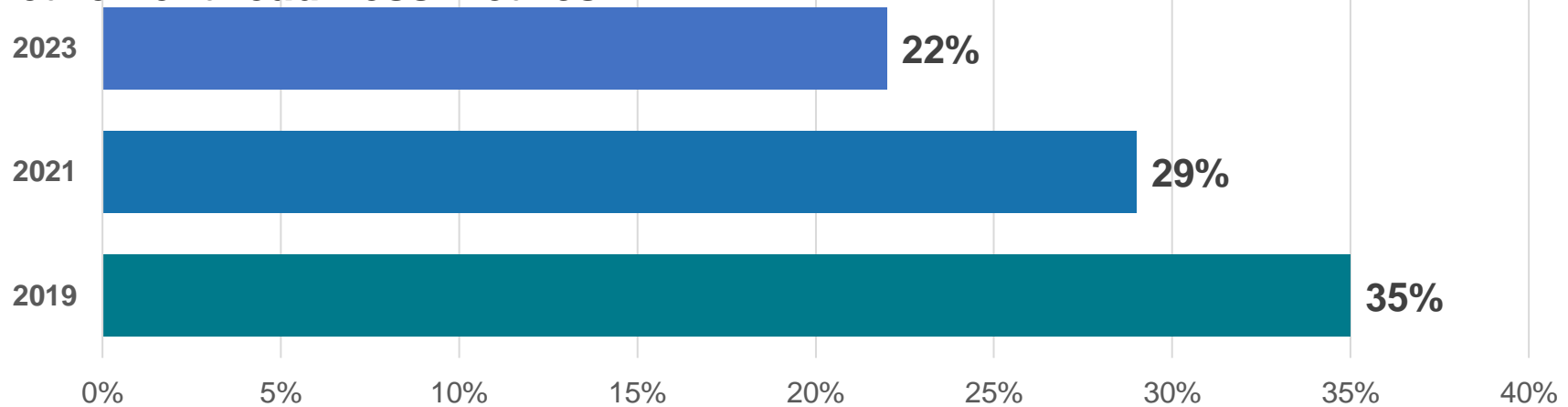
Contribution rates



More than 2/3 of participants are saving less than they think they need to save to be on track.

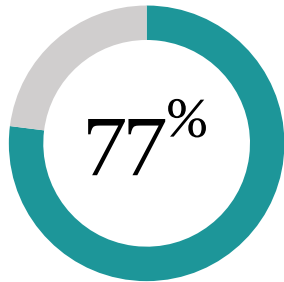
Contribution rates and confidence are down amidst a challenging economic climate

Participants who are extremely or very confident on all 3 key retirement readiness metrics¹

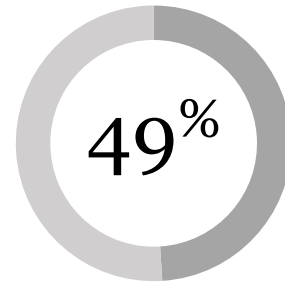


¹ The three key retirement readiness metrics are 1) having enough money to maintain the lifestyle you want in retirement, 2) being able to accumulate enough money so you can retire when you want to, and 3) being able to convert your savings into income when you retire that will last the rest of your life.

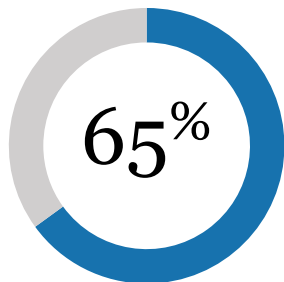
The economic climate could have a lasting impact



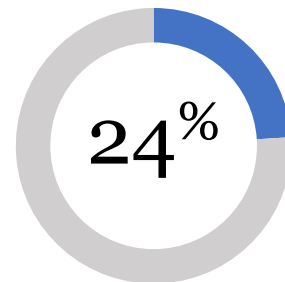
of participants who say they save less than needed to be on track cite inflation as the reason



of participants say 2022 investment performance made them concerned about putting more money in this year



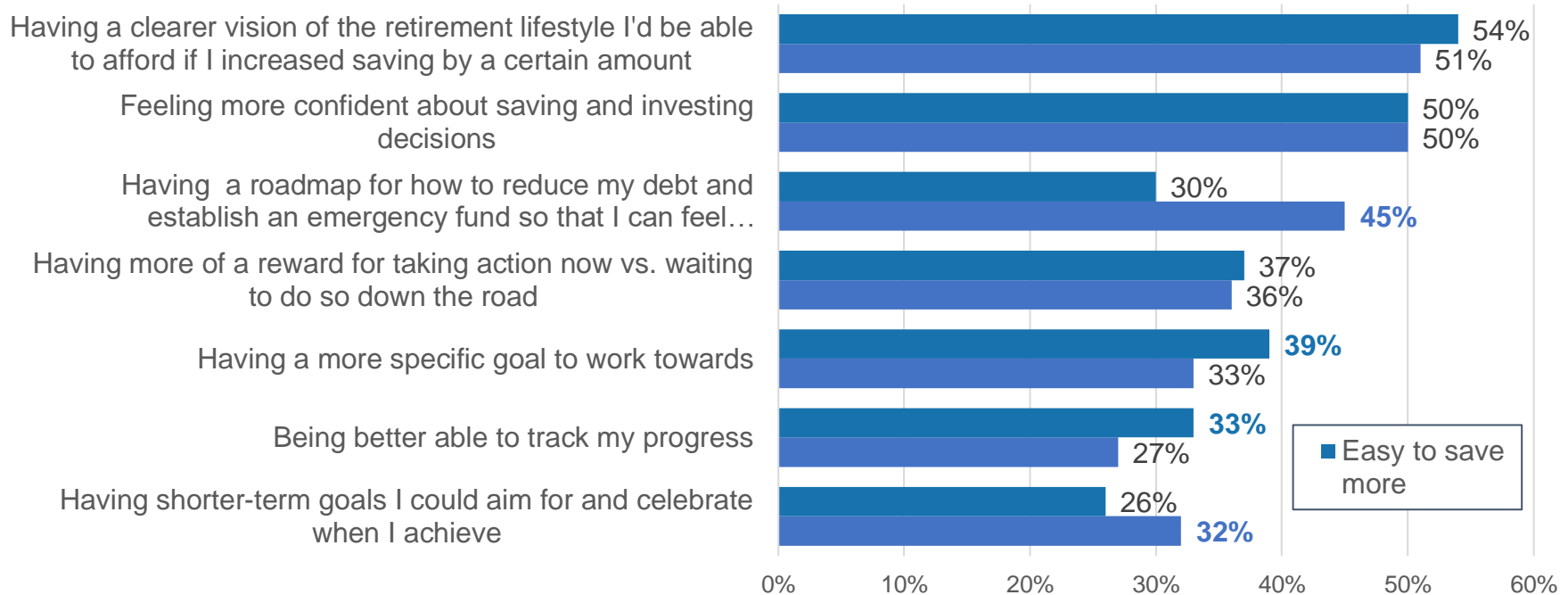
of participants who save less than needed say it would be difficult to save more



of participants are very confident knowing how market volatility and inflation impacts their plan/accounts

To motivate savers, first understand their financial situation

Top factors that would motivate employees to save more



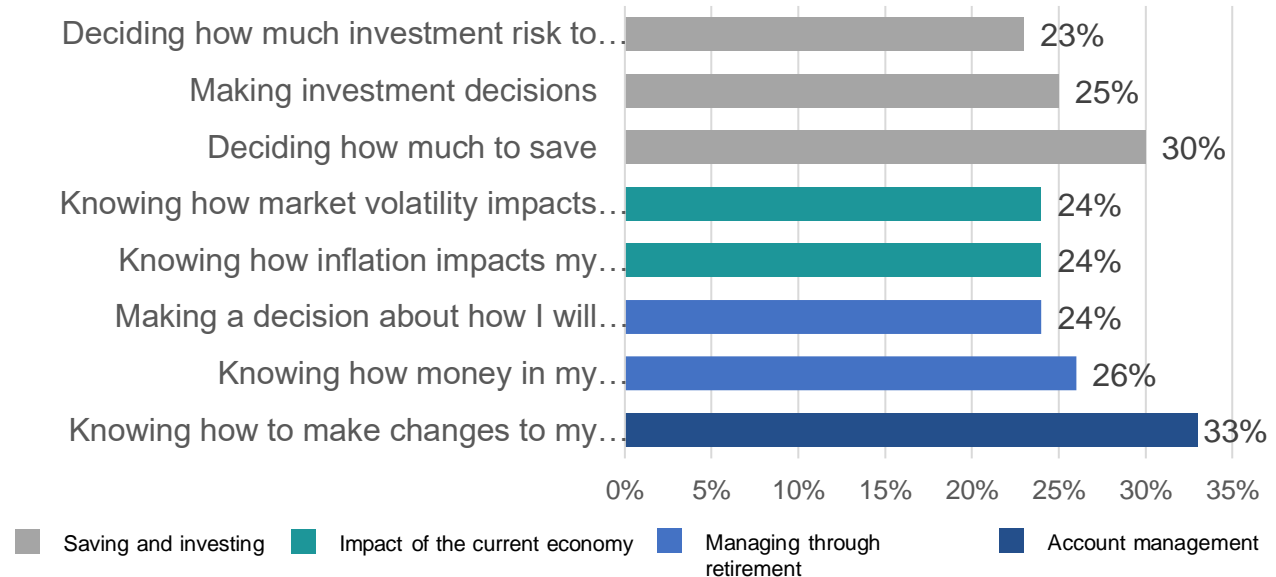
Education can help boost confidence about retirement decisions

Sixty-two percent of workers would like to receive education on topics they're less confident about.

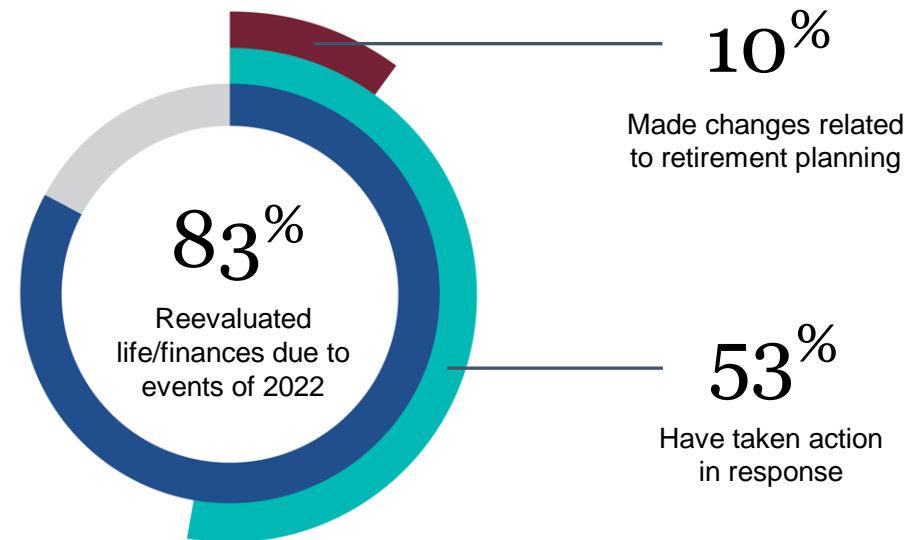
Eighty-two percent of workers are interested in working with a retirement consultant (or already do) [up from 77% in 2021].

Confidence on aspects of retirement plan/savings

Among all workers (% very confident)



Boosting decision-making confidence can empower workers to make changes



Successful savers set goals, envision retirement and discuss

Actions	Likely to be confident about retirement	Likely to contribute 15%+ to a retirement plan	Have a higher median deferral rate
Set a retirement savings goal	4.5x more	Nearly 3.5x more	2x higher
Envision an ideal, yet realistic, retirement	2.9x more	Nearly 2x more	Nearly 2x higher
Discuss retirement with spouse/partner	6.2x more	Nearly 3x more	Nearly 2x higher

Goal-setting help

...

Employees who say it would be easy to save more:

- More specific goals
- Better able to track progress

Employees who say it would be difficult to save more might benefit from shorter-term goals to aim for and celebrate.

Using plan design to boost outcomes

Matching contributions motivate non-participants to join and participants to save more

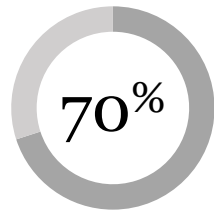
If a 3% match were offered:

- **Over three-fourths (77%) of non-participants** would be likely to save in the plan, including 45% who would be very/extremely likely.
- **Almost 90% of participants contributing less than 3%** would be likely to increase their contributions to take advantage of a 3% match.

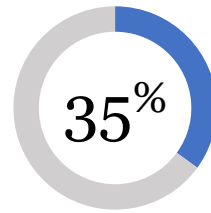
If a 10% match were offered:

- **More than half (57%) of non-participants** say a 10% match would make them extremely/very likely to enroll.
- **More than 75% of participants saving 3% to 9%** say they'd be likely to increase their deferral rate to 10% if a 10% match were offered.

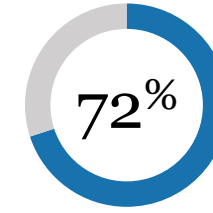
In-plan income investment options can also boost participation and deferral rates



Seventy percent of participants are interested in “an investment option within my employer’s retirement plan that provides guaranteed payouts in retirement, similar to a pension.”



Over one-third (35%) of participants would increase their contributions if offered a guaranteed retirement income option.



Seventy-two percent of non-participants say having a guaranteed income option in their plan would encourage them to participate (up from 52% in 2021).

Employees have questions about in-plan income

Employees' questions	Percentage of employees who asked this question
How much does it cost? What are the fees?	47%
How much monthly income could I get if I invest a certain amount of money?	40%
How safe is this investment choice? What risks are associated with it?	38%
Can I access the money early if needed for an emergency?	35%
What happens if I change jobs?	32%
What happens if I need to pull money out of this investment?	32%
How does this investment option deal with inflation?	32%
Who can I talk to if I have questions?	29%
Can I change my mind afterward?	29%
Will my beneficiaries receive income? How much?	28%
How does it compare to guaranteed income options I could get on my own outside of the plan?	25%
How do I invest in this product?	25%
Am I the right age for this investment option?	24%
Can my spouse/partner also get guaranteed income?	20%

**So...What do we do
when we get back
from this AWESOME
conference**

Personalization continues to be important for effective outreach and education



When asked what personalized means, employees' answers fell into four categories:

1. A tailored plan for my unique needs
2. Getting the right type of help
3. Individualized assistance
4. Communication on my terms

It means:

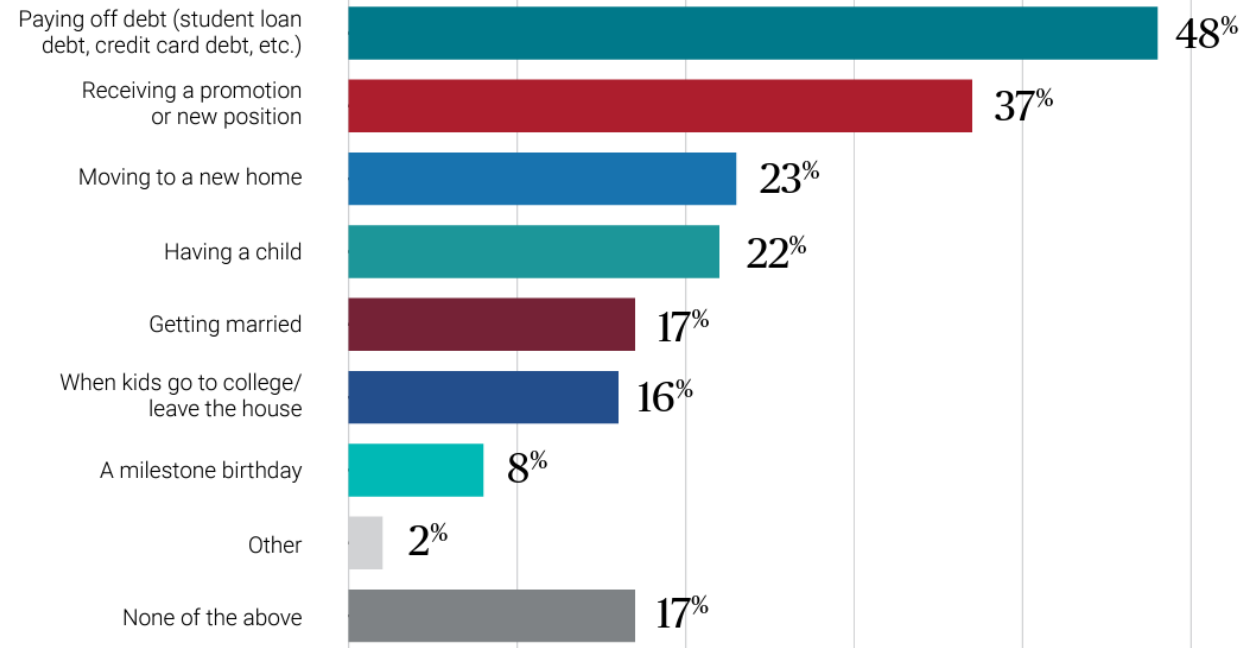
- Advice based on specific needs
- A plan specifically for me
- Step-by-step guide
- Pertains to my particular situation
- Dedicated financial advisor
- Answers to my questions
- Financial education resources
- Someone I can trust
- Understand my goals
- Investment help
- Retirement planning help
- Help managing debt and savings
- Support directly related to my personal financial goals and targets, not generalized guidance
- Talking to a person is more personalized
- Relationships matter

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Employees lean in to retirement planning during personal and professional milestones

Life events that would motivate non-participants to start saving



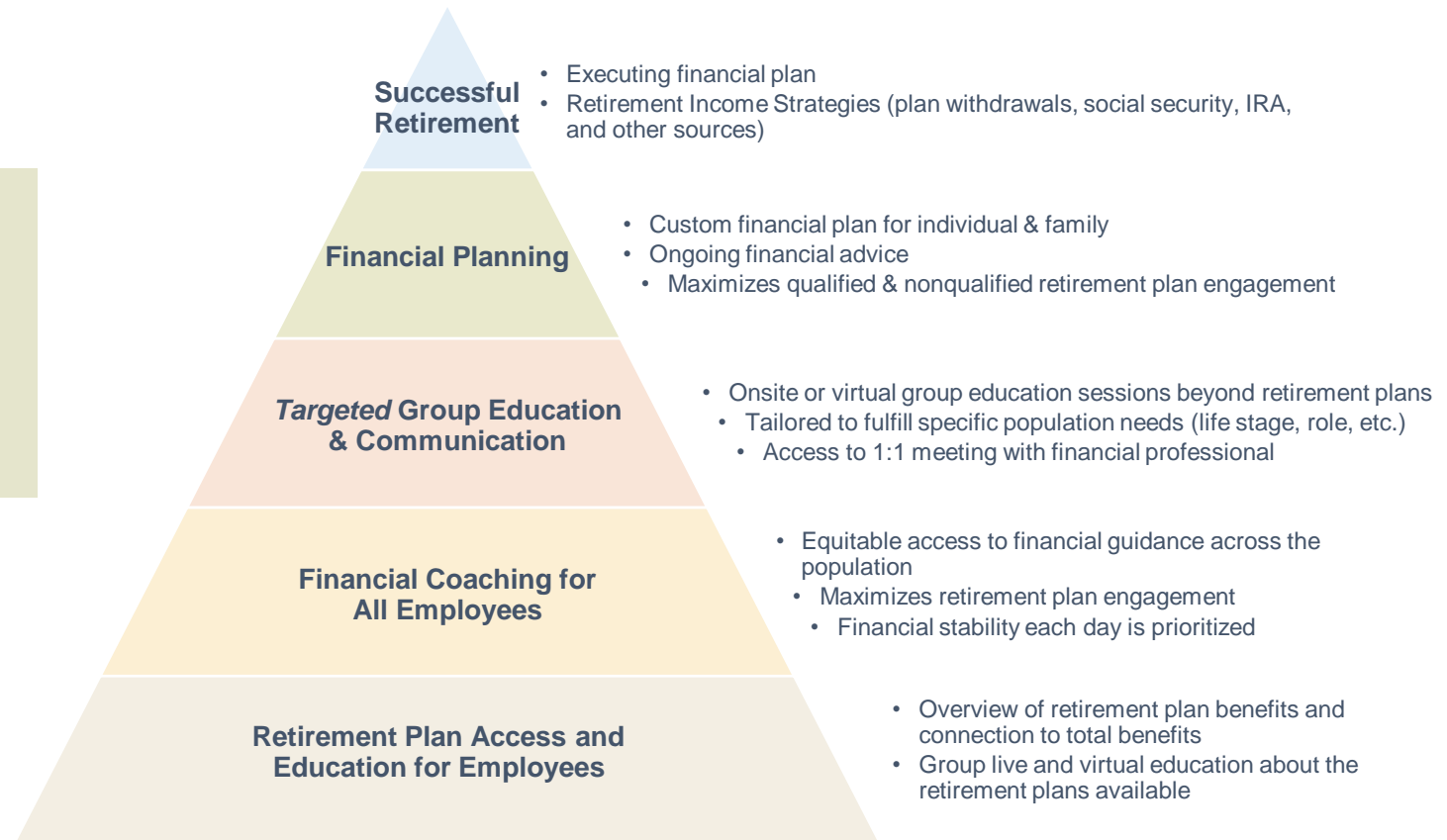
Breaking down the Financial Journey



Layering Best-Fit Solutions and Guidance

Employees who receive professional financial guidance accumulate, on average, **4x more wealth than those who do not seek guidance.**




Source: [LearnLux Report: Financial Wellbeing in the Workplace, 2024.](#)






Effective outreach leverages a variety of communication

Top 3 preferences by generation




Gen Z

-  **23%** – Sent to me by email
-  **18%** – Talk to rep by phone (or virtual call)
-  **15%** – Online educational articles/videos




Millennials

-  **22%** – Sent to me by email
-  **17%** – Online educational articles/videos
-  **16%** – Talk to rep by phone (or virtual call)

Gen X

-  **19%** – Sent to me by email
-  **16%** – Talk to rep by phone (or virtual call)
-  **15%** – Online interactive tools, calculators

Baby Boomers

-  **21%** – Talk to rep by phone (or virtual call)
-  **19%** – Hard-copy materials mailed to me
-  **16%** – Sent to me by email

Age Banded Financial Goals

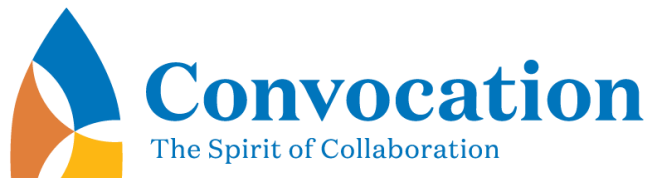
Targeted Experiences Drive Action

Age	Goals	Takeaway
20-29	Initiate savings. Eliminate paycheck-to-paycheck lifestyle. Pay off student loans.	Growing financial literacy & settling into behaviors
30-39	Build savings. Purchase a home. Grow family. Save for College	Accumulating long-term financial commitments & goals
40-49	Prioritize retirement savings/strategy. Pay off credit card debt. Plan for dependents.	Removing debt burden so that retirement goals can be prioritized
50+	Plan for retirement. Budget for healthcare.	Retirement income planning & advice are top-of-mind
All	Maintain family lifestyle. Invest smartly. Manage credit.	Financial confidence & betterment are universal

Immediate Next Steps

Intention to Action at the Employer Level

INTENTION	ENGAGEMENT	ACTION
Evaluate enhancements to existing 403(b) plan	<ul style="list-style-type: none"> Determine existing tools and services available with advisor and provider Understand plan demographics and data 	<ul style="list-style-type: none"> Plan design SECURE 2.0 features Increased education In plan income
Explore a broader financial wellbeing program	<ul style="list-style-type: none"> Financial wellbeing discussion with plan advisor and provider to learn about options & associated costs 	<ul style="list-style-type: none"> Make financial wellbeing program structure an internal priority Gather workforce feedback
Increase engagement in existing financial benefits	<ul style="list-style-type: none"> Inventory ALL financial benefits Prioritize by population persona 	<ul style="list-style-type: none"> Targeted communication and re-education on financial benefits Monitor workforce engagement changes and feedback
Invest in equitable financial wellbeing program	<ul style="list-style-type: none"> Identify workforce characteristics Review financial guidance solutions 	<ul style="list-style-type: none"> Implement layered financial guidance solutions over time <ul style="list-style-type: none"> Onsite education Coaching Planning



DISCUSSION



Thank you.

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