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Breathing New Life into Financial Wellness

Your speakers



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Poll question # 1

How would you describe your role?

- A. Health plan
- B. Broker, agent, consultant
- C. TPA
- D. Other: _____



Why Financial Wellness Matters

The Struggle is Real

Many people are struggling – **not just lower-paid workers:**

- **76%** live paycheck to paycheck.¹
- The average American carries **\$15,000** in credit card debt.²
- Medical debt is the largest category of consumer debt.²

¹ Source: *Bankrate.com*, 2013

² Source: *NerdWallet*

Instincts Get in the Way

Most people are **unwilling** to make sacrifices today to benefit tomorrow:

- **63%** say having money for “the here and now” is top priority
- **33%** not willing to cut back on entertainment to save more
- **28%** won’t forego expensive vacations

Source: Bank of America Merrill Edge Survey, 2014

The Result

Too Many Employees on an Unstable Financial Footing

Many people are struggling—not just lower-paid workers:

- **62%** lack a cushion for emergencies.¹
- **1 in 4** will be disabled before retirement.²
- **42%** would be able to meet basic expenses if out of work for an extended period.²

¹ Source: CMBC, January 2015

² Source: Price Waterhouse Coopers Financial Wellness Survey, 2015

Employers Feeling the Effect

Money worries cause stress

- Employees regard financial stress as their number one concern, five times greater than personal health.

Money worries affect productivity

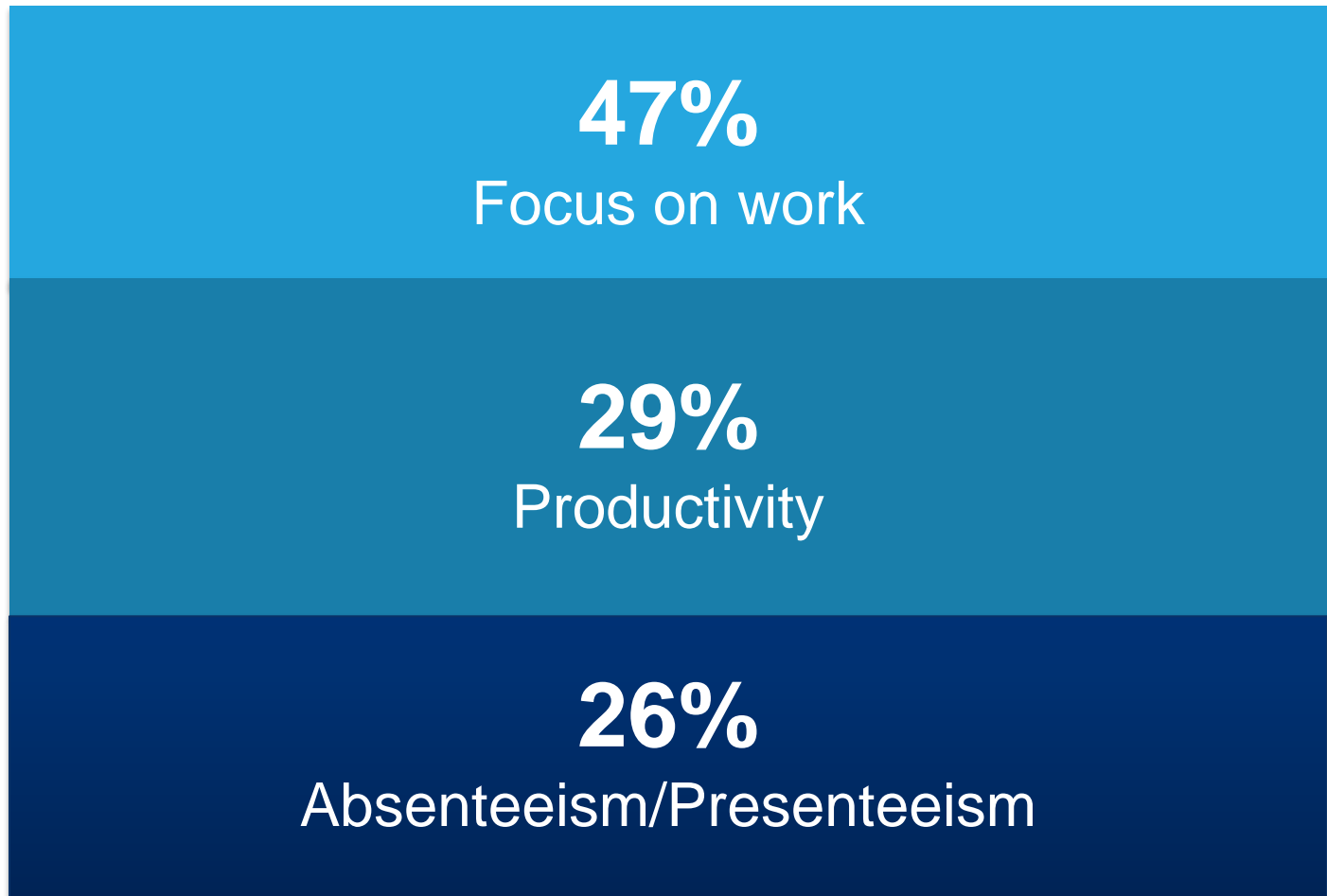
- **24%** of employees say personal financial issues are a distraction at work.¹
- **29%** of defined contribution participants report missing work to deal with the emotional stress caused by their finances.¹
- **40%** of employees say they spend more than 3 hours each week dealing with personal finance issues.²

¹ Source: SSGA Biannual DC Investor Survey

² Source: Workplace Options

HR Professionals Speak Out

Aspects of performance most negatively affected:



Everybody Wins

- Employers well-positioned to help alleviate employees' financial pressures.
- Efficient and affordable solutions.
- Affecting change on a large scale.



Employees Look to Employers for Help

87% of employees say their companies should play a role in helping them prepare for their financial futures.

Source: GuideSpark Survey, 2015

What's the Value?

- **Improved productivity.**
 - Fewer absences.
 - Less distraction during working hours.
- **Lower medical and prescription drug costs.**
 - Stress and anxiety-related costs.
- **Decreased turnover.**
 - Recruiting and retraining costs.

Poll question # 2

What percentage of all doctors' office visits in the U.S. are stress related?

- A. 10%
- B. 30%
- C. 50%



A Prescription for Getting Employees on Track

Americans are **NOT**
financially secure

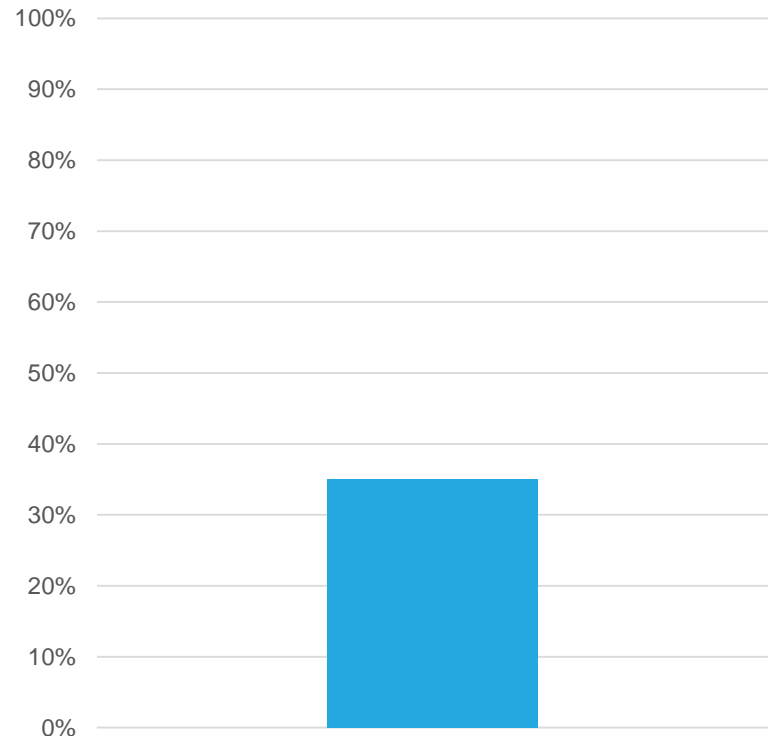
Americans are NOT Financially Secure.

In a study of over 800 people in the US, we found that the median savings balance was **\$2,000** (including retirement accounts), and **36%** had **\$500** or less in savings.

Question:

On a scale of 1-100, how much do you agree with the following statement?

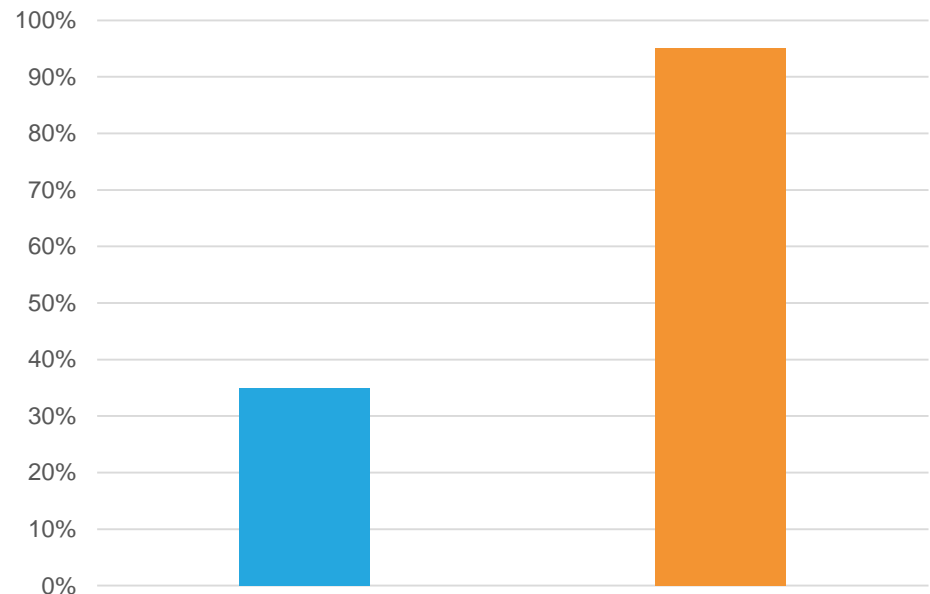
I *am* financially secure.



Question:

On a scale of 1-100, how much do you agree with the following statement?

I *want to be* financially secure.



Americans are NOT Financially Secure.

Take a moment to think about what specific actions you can take to become *more financially secure*...



Think about actions you can easily start *within the next month*.

Americans are NOT Financially Secure.

92% listed 3 or more actions.

Americans are NOT Financially Secure.

★ People **want** to be financially secure.

★ They **know** what to do to become financially secure.

★ Yet, they are **not** financially secure.

**Just knowing information does
NOT lead to behavior change.**



U.S. Government and non-profit agencies spent...

U.S. Government and non-profit agencies spent:

**\$670 million on financial
education in 2013.**

Question:

How much variance does financial education explain among good/bad financial behaviors?



Change in behavior from financial education:

.01%

But *really*, my program is different:

.01%

Get a Famous Person to do a video.



Bilal Zia—World Bank

Shawn Cole—Harvard University (Finance)

Fenella Carpena—UC Berkeley (Economics)

Jeremy Shapiro—Princeton University (Economics)

Get a Famous Person to do a video.



No effect on behavior change.

Bilal Zia—World Bank

Shawn Cole—Harvard University (Finance)

Fenella Carpena—UC Berkeley (Economics)

Jeremy Shapiro—Princeton University (Economics)



What Does Work?

When is the best time to ask people to take action?

Months before you file		At the point you receive it
What % of your refund do you want to save?	Tax refund	What % of your refund do you want to save?

When is the best time to ask people to take action?



More people save.

1 Pre-commitment



\$35/hour



\$70K/year



\$35/hour



\$70K/year



Saved more.

② Long-term mindset



3 Design for Mental Accounting

Poll question # 3

What percentage of your employer groups offers a financial wellness program?

- A. Less than 25%
- B. 26-50%
- C. 51-75%
- D. More than 75%

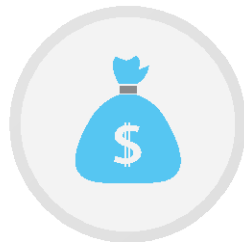


Health Savings Accounts: The Unsung Heroes of Financial Wellness

Financing the Future

The average couple will need an estimated **\$300,000** in retirement, *just for medical expenses*.

An HSA can be a very effective way to fund these expenses.



contributions



interest



withdrawals

High-deductible health plans + Health Savings Accounts = meaningful savings

- **20%** of American consumers carry medical debt.
- HSA can create a cash cushion for today and meaningful savings for the future.

Spend for Today, Save for Tomorrow



Only **16%** of employees contributing to an HSA plan to use the funds for future healthcare costs.

Maximize Potential



Shift the emphasis to maximizing the HSA:

- Tax-free savings and withdrawals
- Investment options
- Long-term growth potential

*All mention of taxes is made in reference to federal tax law. States can choose to follow the federal tax-treatment guidelines for HSAs or establish their own; some states tax HSA contributions. Please check with each state's tax laws to determine the tax treatment of HSA contributions, or consult your tax adviser. HSA funds used to pay for non-qualified medical expenses are subject to income taxes on the amount and a possible additional 20% penalty, if you're under age 65. Neither UMB Bank n.a., nor its parent, subsidiaries, or affiliates are engaged in rendering tax or legal advice and this presentation is not intended as tax or legal advice.

Investments in securities through the HSA investment account are:
Not FDIC Insured • May Lose Value • No Bank Guarantee

Capable Custodians

HSA custodians should clearly operate in the client's best interests.

1. Free transparency
2. Financial security
3. Support employer goals
4. Hassle-free administration
5. Actionable analytics
6. Straightforward pricing
7. Consumer-friendly features



Additional Resources: UMB

Blog

Understanding How Your High-Deductible Health Plan Works When You Need Care

Now that you're in the Consumer Plan and have opened your health savings account (HSA), you need to understand how to use this plan since it works a little differently from more traditional medical plans. Here's what you need to know when you seek care in a few different situations.

Annual physicals. Just like a more traditional health plan, annual physicals and age-appropriate screenings and immunizations are free to you and covered dependents as long as you visit an in-network provider. For less serious health issues, you may need to pay a small amount today!

Smart tip: Make your appointment for family physicians and pediatricians as soon as possible.



What's an HSA? H: here for today. S: savings to spend on health bills in retirement. A: always in your name.



Coinsurance? How you and the plan split the cost of medical care. Learn more here: <http://ow.ly/hsa>

Health Savings Account Implementation Roadmap

This roadmap shows you all of the important steps and activities in your organization.

Step	Description
Step 1: Preparation	Review your HSA-compatible plan and HSA design for your employees and their families. Are employees heavy users of your FSA? A limited-purpose FSA can be a nice pairing with your new HSA-compatible plan but requires robust and targeted transitional communication. Are employees participating in your 401(k) plan? Consider a matching contribution to your HSA, to align both plan design and message. What about salary and family status? How would lower-paid employees fare if required to meet the family deductible? If many employees are taking expensive maintenance drugs, take a close look at how many of these drugs qualify as preventive under IRS rules. Modeling employee scenarios will help you refine your plan design, premium costs and how much you contribute to the account. (Yes, that's Tip #2.)
Step 2: Promotion	Begin preparing your communications to employees and their families. Get a detailed planning guide, timeline and ready-to-use materials to the Launch Communication Toolkit. Start communicating as early as possible to give your employees adequate time to understand the new option and make informed decisions during enrollment.
Step 3: Implementation	Set up initial and ongoing data transfers/updates.

Health Savings Account Plan Design Checklist

If you build it, they will come.

Not only can the right HSA-compatible plan entice employees but a well-designed plan can also keep them happy. When you're introducing an HSA for the first time or just introducing it to be sure that your health plan design supports your goals. As we've watched countless companies walk the path you've gathered these 10 tips to share with you.

- TIP #1**
Know your audience. Your employee population is unique. That's why you should look to your demographics, health claims data and even other benefit plan statistics for important clues to the right high-deductible health plan and HSA design for your employees and their families. Are employees heavy users of your FSA? A limited-purpose FSA can be a nice pairing with your new HSA-compatible plan but requires robust and targeted transitional communication. Are employees participating in your 401(k) plan? Consider a matching contribution to your HSA, to align both plan design and message. What about salary and family status? How would lower-paid employees fare if required to meet the family deductible? If many employees are taking expensive maintenance drugs, take a close look at how many of these drugs qualify as preventive under IRS rules. Modeling employee scenarios will help you refine your plan design, premium costs and how much you contribute to the account. (Yes, that's Tip #2.)
- TIP #2**
Contribute to the HSA. Your contribution to employer accounts is the single most effective way to get them to save. Do you've seen with your 401(k) plan, getting employees to start to save is the hardest part. Just as you probably do with your 401(k), it's a lot easier to convince reluctant employees with a message like "We'll contribute with you. Your future health is important to us." Design your contribution as either a lump sum amount you deposit all at once or as a matching contribution.

Silence is not golden.

Communication is critical to your employee benefit program—especially with high-deductible health plans and health savings accounts. Without it, these plans have little power to improve how employees and their families purchase and use their health care. Communicating well—and often—is the only way to inspire the actions employers want, and the actions that our health care system needs.

You may think that communication can be hard. And time-consuming. And expensive. But it doesn't have to be. UMB Healthcare Services Toolkits make the job easy, improve the overall experience for your employees, and help you make sure you get the full value from your benefits and consumerism strategy.

Here's how...

THE IMPLEMENTATION TOOLKIT Sets You Started	Roadmap + Fact Sheet + Checklists + Tip Sheets + FAQs + Resources + Smooth Implementation
The Launch Communication Toolkit Ensures High Participation	Planning Guide + Timeline + 5 Blog Posts + 2 Videos + 2 Presentations + FAQs + 1 Postcard + 1 Email + Benefit Guide Copy + Successful Launch (and Higher Enrollment)
The Ongoing Communication Toolkit Creates Real Change	Planning Supplement + Timeline + 7 Blog Posts + 4 Tip Sheets + 5 Postcards + 30 Tweets + Increased Satisfaction with Benefits!

You get smooth implementation. Your employees get information they can understand. And use.



Q & A



Type in your question at any time for the presenters

Thank you for participating!

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