

Case Study

Financial Wellness Program A “Win-Win-Win”



The Situation

A major financial services company has a perennially profitable business model, offering highly personalized services through its financial consultants. However the firm also wanted to better position itself for further growth over the long term by establishing relationships with younger clients.

But there were two significant challenges:

1. The self-directed digital engagement preferred by younger clients was not one of the company's core competencies; and,
2. Building a competitive brand in the digital channel would take at least ten years to accomplish, at a significant cost.

Defining the Strategy

A turning point occurred when the company came to view its equity benefits and retirement plan businesses in a new way. This business is much more than institutional relationships — it's also a source of millions of potential new relationships. It is in the workplace where millions of younger individuals begin to accumulate wealth.

Moreover, many employers want to be more proactive in helping their employees achieve financial wellbeing, commonly referred to as “financial wellness.”

Understanding what makes financial wellness programs “tick” was an integral part of meeting the company's challenge. Financial wellness is a point of convergence between employers and employees. Employers want to provide benefits that help attract and retain top talent. At the same time, many employees need to improve their financial well-being — and, in some cases, cannot begin to think about long-term saving until they implement the basic best practices of personal finance.

Clearly, a well-crafted financial program could be a “win” for employees and their employers. Yet given the dominance of digital delivery in financial wellness platforms, it's not apparent how it can be a “win” for the financial advisor, as well. And yet that's just what the company needed to ensure success with its new program.

The solution was to embed the financial wellness program within the company's wealth management division — and parlay its already strong client relationships in 401(k) plans, stock plans, as well as other institutional services, into financial wellness relationships. Financial advisors could begin offering their small business and corporate/institutional clients the opportunity to add a financial wellness program to their benefits packages.

To create content for the program, the most logical approach was to repurpose the company's exceptional intellectual property, packaging it into a personalized yet simple journey that could be delivered digitally, directly to employees.

Financial Wellness Program A

“Win-Win-Win-Win”

The journey began with a financial assessment that engaged through gamification: twelve questions that took no more than four minutes to answer and resulted in a “gold,” “silver” or “bronze” ranking — and suggestions for the three most important aspects of their finances for employees to focus on. In addition, employees know that their personally identifiable information is anonymized within the program, which is an important part of building trust and encouraging participation.

As employees continue on their journey to financial wellness, they expand their education through “snackable” two-minute videos that coach them through topics such as creating a personal budget, getting control of debt, and saving for retirement. (For larger corporate clients, these videos are customized.) The idea is to keep “nudging” employees forward on the financial wellness journey through positive reinforcement. If employees want more help, they can work with a third-party financial coach for a modest fee of \$1 per month.

The Results

As employees expand their financial wellness knowledge, their employers gain important insights. Although anonymized on an individual basis, employers get a dashboard that shows top employee concerns overall, segmented by age, location, and job grade.

Another benefit for employers is enhancing their ability to keep younger workers on board. The younger cohort is often tempted by digital choices in financial services that really aren’t about financial wellness. By providing these employees with a tool that will really help them make better financial decisions, employers raise awareness of the value of their benefits programs.

The firm’s financial advisors benefit from the financial wellness program, as well.

It provides them with opportunities to strengthen their relationships with their small business and corporate/ institutional clients and, ultimately, incubating leads. For example, by looking at an employer’s dashboard, a financial consultant might suggest ways a client can reshape their benefits offerings to better meet the needs of their employees. Or an advisor might propose that they deliver a webinar focused on the interests of their employees, such as student loans. Over time, these contacts with employees can grow into new client relationships.

There is another important “win” in the financial wellness program — the firm itself. From the start, the program generated positive press that enhanced the company’s stature as a premier provider of financial solutions. Then, seeding the financial wellness program with smaller corporate clients built on successes and cemented financial advisor support.

The results? Within a year, the program grew from 23 to 99 mandates — 55 from existing 401(k) relationships and 5 from existing stock plan relationships. The remaining 45 were stand-alone financial wellness mandates, many with large institutions that over time can turn into significant new relationships with large 401(k) plans and potentially millions of new clients.

About Princeton Financial Consultants



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