

The background of the slide features a warm orange color with a faint, semi-transparent image of hands counting stacks of coins. In the top left corner, there is a white geometric shape, resembling a stylized arrow or a folded piece of paper, which serves as a backdrop for the company logo.

Fiducius

A Better Kind of Benefit

Financial Wellness Pays Off: ***Yes, You Can Afford to Pay Your Teachers More!***

Presented: November 29, 2018

Our Conversation Today

- 1 The Impact of Financial Stress
- 2 The Role of Financial Wellness
- 3 What Financial Wellness Means for Employers
- 4 About Fiducius
- 5 Let's Answer Your Questions

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A hand is shown in a meditative gesture (Anjali Mudra) against a dark blue background. A white diagonal stripe runs from the bottom right corner towards the center. The title 'THE IMPACT OF FINANCIAL STRESS' is written in white capital letters on the left side, next to a grey chevron icon.

THE IMPACT OF FINANCIAL STRESS

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Compensation Not Keeping Pace with Living Expenses



Only 43% of women say their compensation is keeping up with their cost of living as compared to **55% of men.**

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Source: 2018 Employee Wellness Survey, PWC

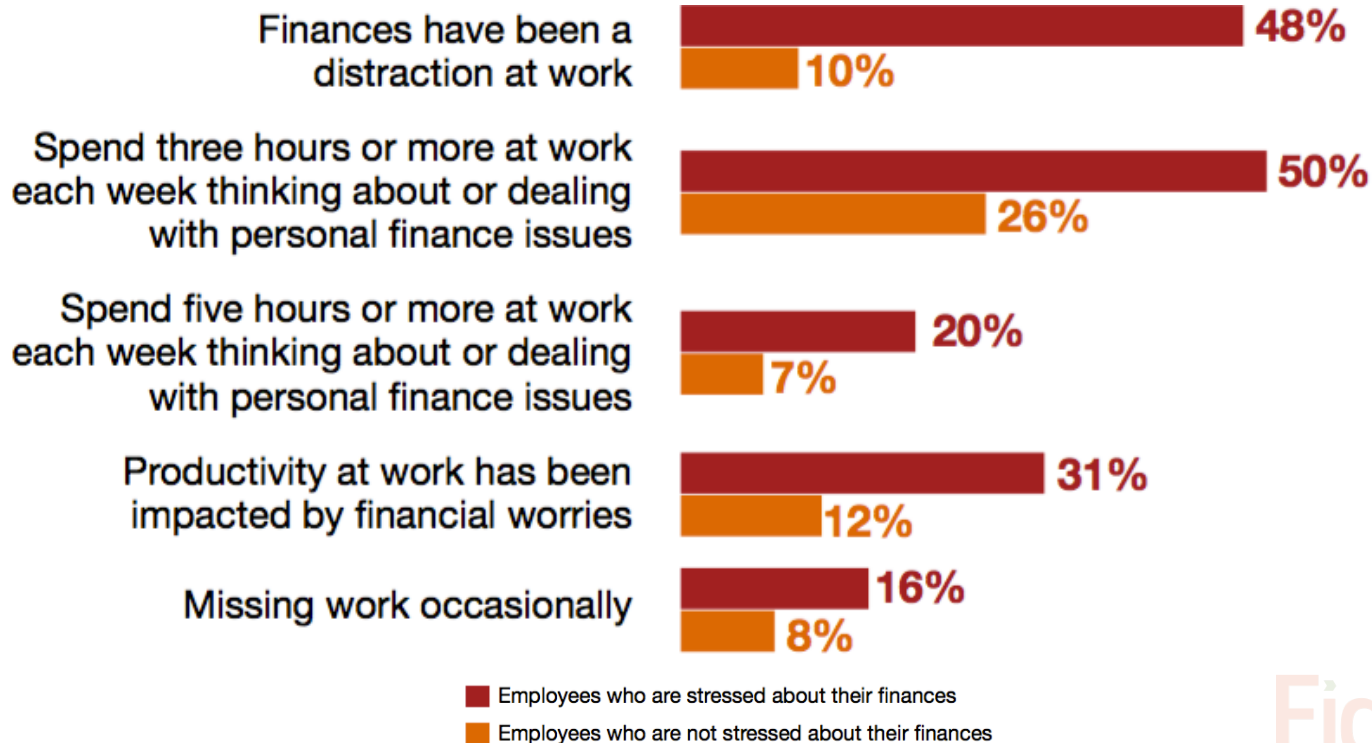
Financial Stress is a Reality for Your Employees



Source: Financial Stress & the Bottom-Line, PWC, 2017

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Financial Stress = Reduced Focus at Work



Source: Financial Stress & the Bottom-Line, PWC, 2017

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Different Financial Concerns Across the Generations

Getting by in the short-term versus preparing for the future



Millennials



Gen X



Baby Boomers

Not having enough emergency savings
for unexpected expenses

48%

51%

41%

Not being able to retire when I want to

25%

39%

46%

Not being able to meet monthly
expenses

30%

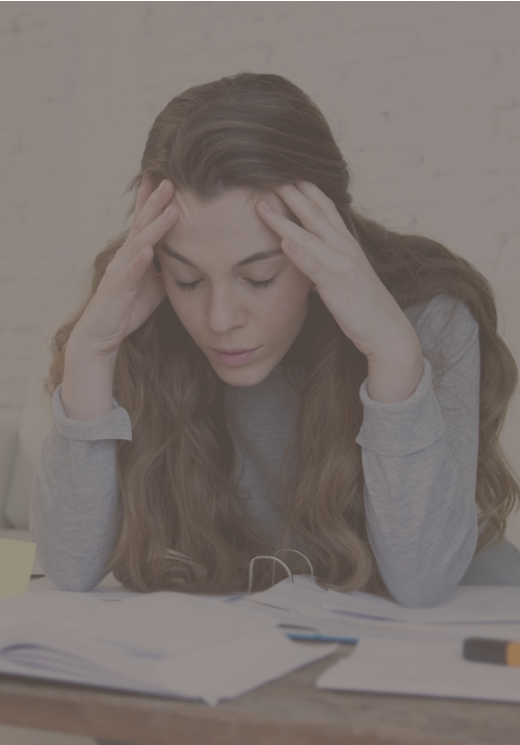
23%

17%

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Student Loan Debt Compounds the Problem

It is a \$1.5 trillion national crisis



The Reality of Student Loans in Education

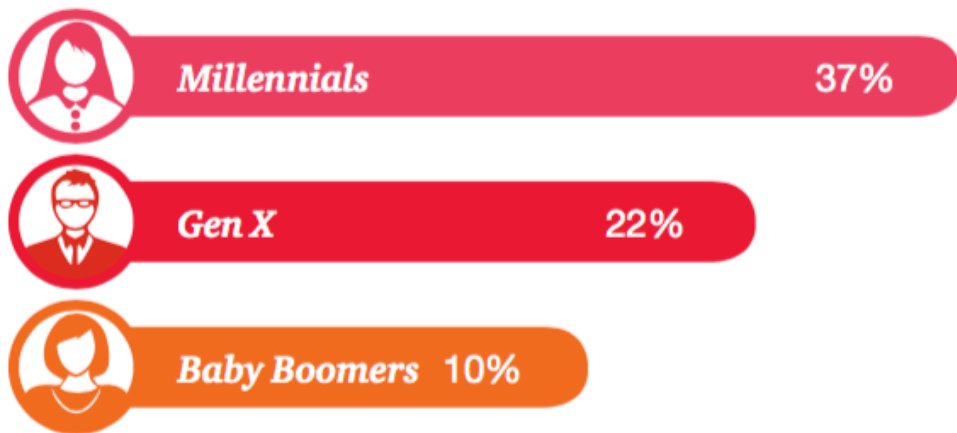
- 40-50% of employees struggle with student loans
- Average loan balance is \$76,589 and monthly payment is \$781 for Education employees
- Often prefer help with student loans more than traditional benefits!

Sources: Fiducius Student Loan Data 2012-2017; Oliver Wyman Survey, 2017

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Student Loan Debt Touches All of Your Employees

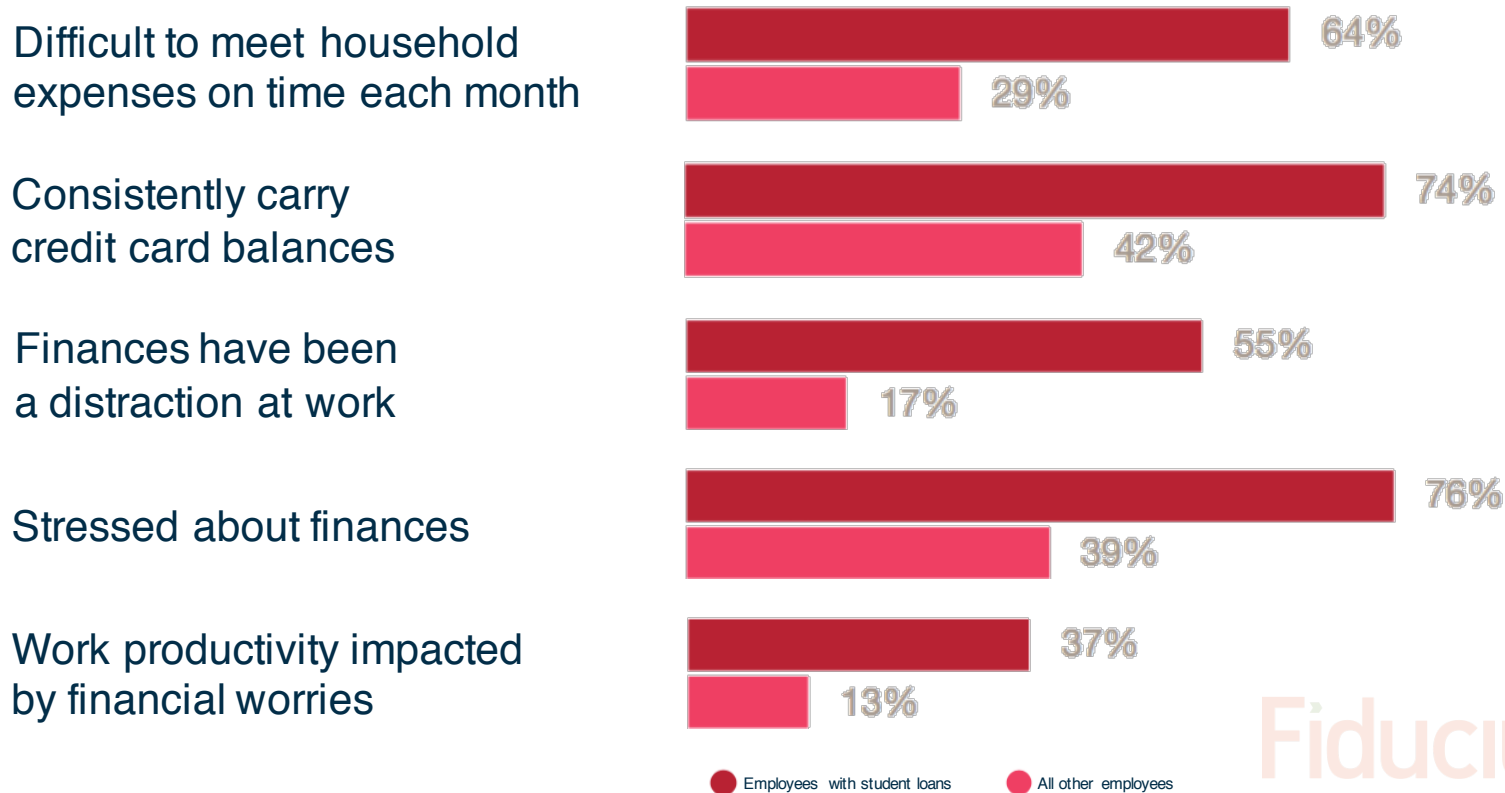
And impacts their ability to meet other financial goals



37% of Millennial employees have a student loan(s) and **81%** of them say that their student loans have a moderate or significant impact on their ability to meet their other financial goals.

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Employees With Student Loans Are in Worse Shape



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Ultimately, Financial Stress Affects Retention & Recruiting

Traditional solutions losing their effectiveness

Teacher turnover costs school districts **\$8 billion** annually

Attrition rate
is now at
8% annually

Replacement cost
\$10-20,000
per teacher

90% of open
reqs due to
teachers leaving
the profession

67% say salary
increase critical
to return

Source: "Where Have All the Teachers Gone?", The Washington Post, September 18, 2017

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A background image showing a hand holding a set of keys, with a large grey arrow pointing right. The image is overlaid with a semi-transparent dark grey layer.

THE ROLE OF FINANCIAL WELLNESS

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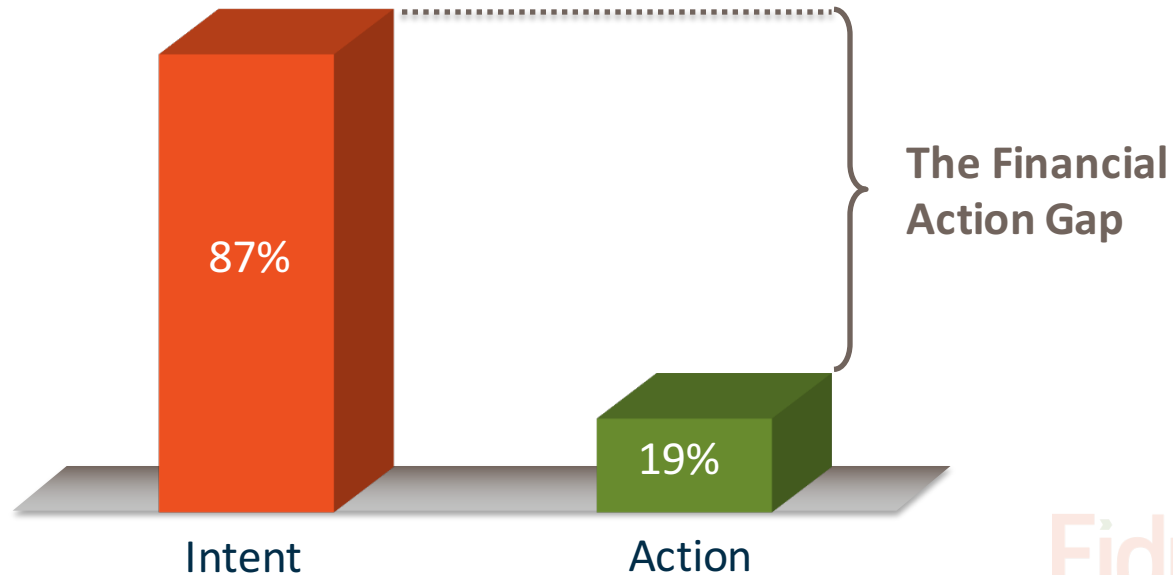


**Less than 15% of individuals have
taken the active step to develop a long-term
plan to better manage their finances.**

Source: GuideVine research, October 2017

The Financial Intent to Action Gap

Measuring desire to change versus actually doing something



Sources: Fiducius Employee Research

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Why Don't People Do What They Say?

1. *Intimidated* by finances
2. *Embarrassed* by financial situation
3. *Don't know* what steps to take
4. *Don't have time* to do or learn anything
5. *Cant afford* to do anything

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Employees Want Financial Wellness Coaching

Top of the list for new benefits, along with student loan benefits



25% Financial wellness benefit with access to unbiased counselors



25% Identity theft and credit protection



20% Help understanding and using benefits



16% Student loan repayment benefit

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Source: 2018 Employee Wellness Survey, PWC

Getting Professional Help, Regardless of Income

Using a financial planner pays off

- ✓ Know yourself, financially
- ✓ Determine your priorities, e.g., the roadmap
- ✓ Get the process done right
- ✓ Things change... revisit, recalibrate, reroute
- ✓ Create accountability

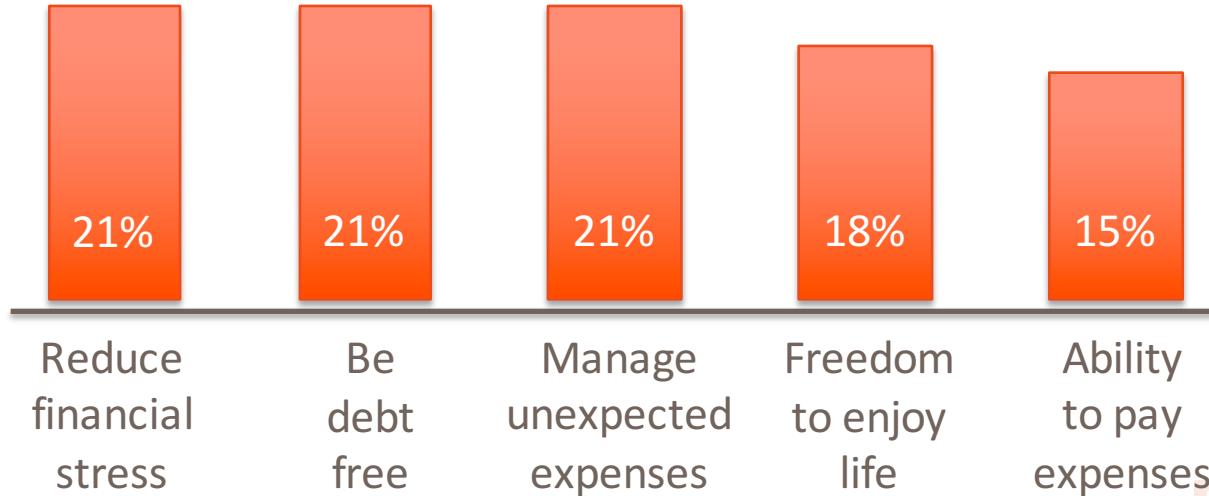
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Source: "Why You Should Hire a Financial Planner, Even if You're Not Rich", New York Times, April 20, 2018

What Does Financial Wellness Look Like?

Demonstrate commitment to your employee's financial wellness

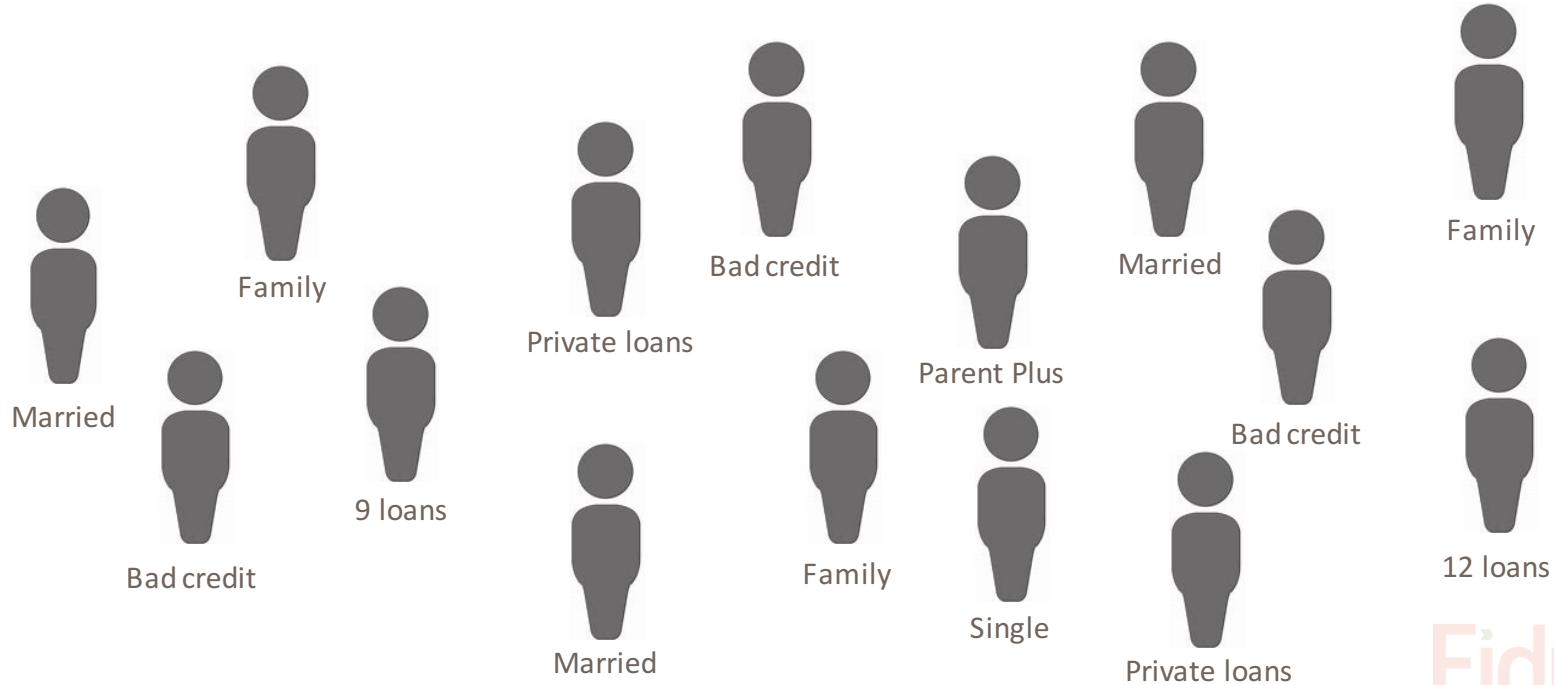
The Elements of Financial Wellness



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Financial Wellness is Not a One-Size-Fits-All Solution

It requires an individualized approach



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Particularly When It Comes to Student Loan Solutions

Your employees need multiple options

1. Public Service Loan Forgiveness (PSLF) Program

- Individual must work full-time for a not-for-profit (501c3)
- Make 120 **qualifying** payments to your **qualified** student loans
- Monthly payments decrease **significantly**
- Remaining balance after 120 payments will be **forgiven tax free**

2. Refinance

- Better rates and custom amortization
- Must have good credit

3. Consolidation / Income Driven Payment

- Restructures temporarily to lower payment
- Keep Dept of Ed loan structure benefits (forbearance, disability, forgiveness)
- Provides “rehabilitation” for those with bad credit

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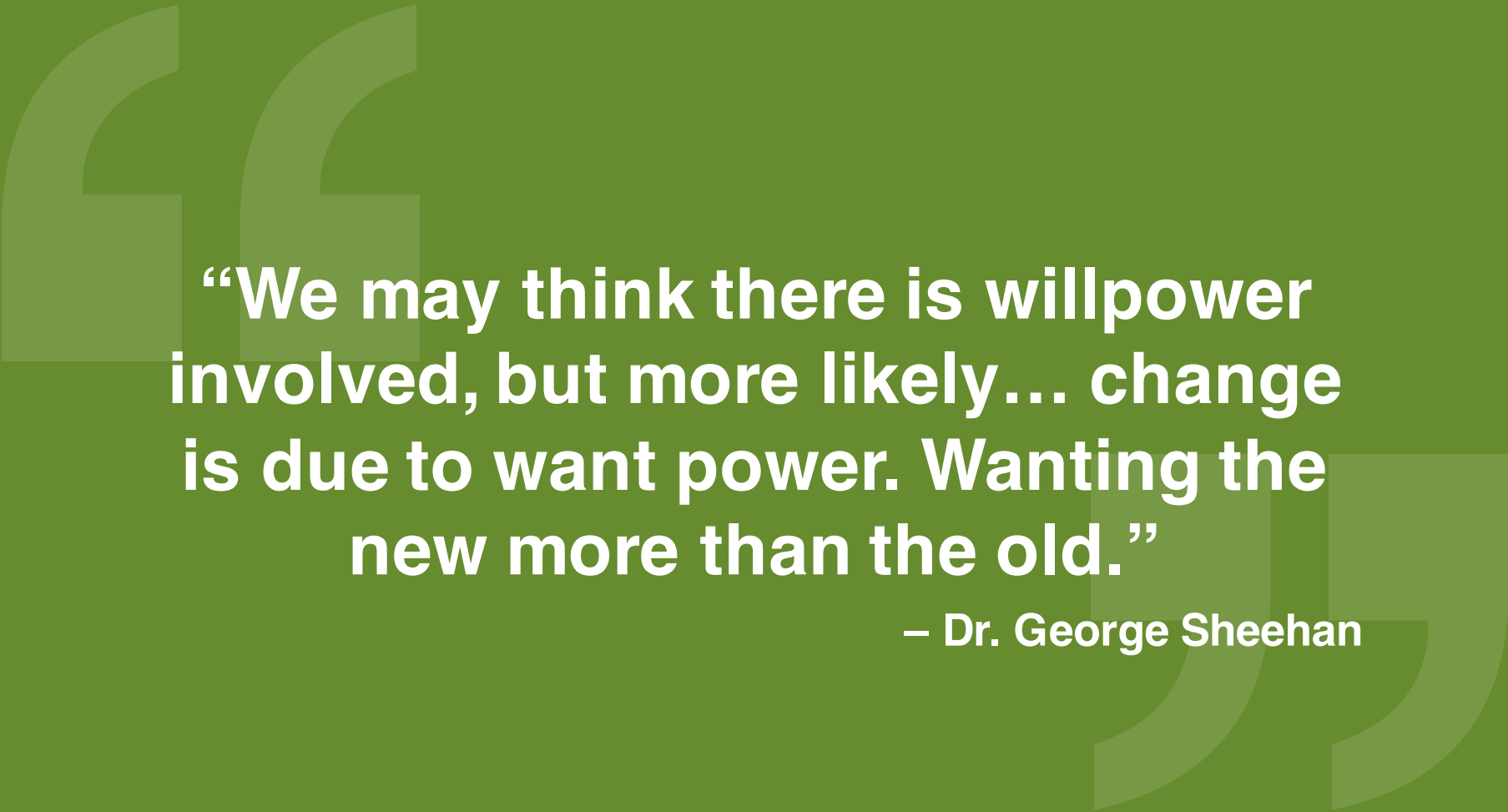
CASE: Irwin Fletcher

Employee has options to best support financial wellness

Scenario: Income = \$46,883; Household size = 3

Loan Balance = \$76,600	Default Plan (10-yr Pay-Off)	Refinance (20-yr / 4.99%)	Forgiveness (10-yr Pay-Off)
Monthly Payment	\$850	\$505	\$208*
Total Repayment	\$102,050	\$121,225	\$32,091
Projected Tax-Free Loan Forgiveness	\$0	\$0	\$69,959

* Monthly payment projected to increase to \$330 over the 10-yr loan period due to changes in income and household size



“We may think there is willpower involved, but more likely... change is due to want power. Wanting the new more than the old.”

– Dr. George Sheehan



WHAT FINANCIAL WELLNESS MEANS FOR EMPLOYERS

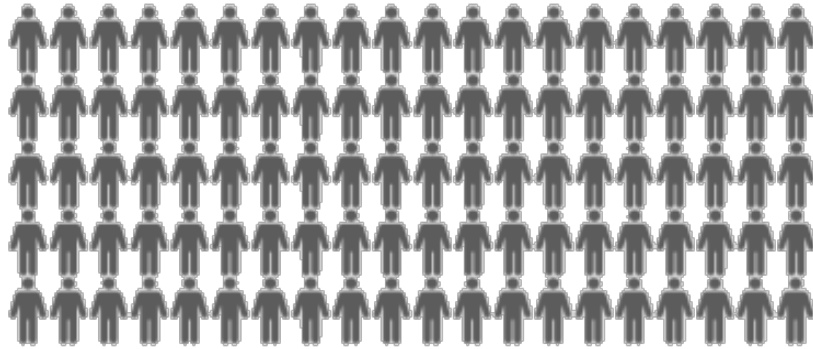
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How to Think About Financial Wellness


- ✓ Impact on productivity
- ✓ Improve retention & recruiting
- ✓ Address wage pressure
- ✓ Leverage the “Multiplier Effect”
- ✓ Potential for payback

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Estimating the Impact of Financial Stress on Productivity



10,000 employees

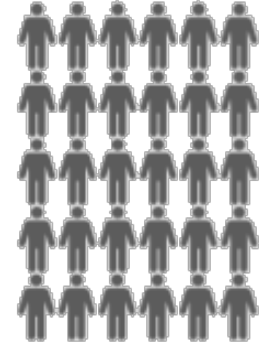
 = 100 employees

X



30%
who are
distracted

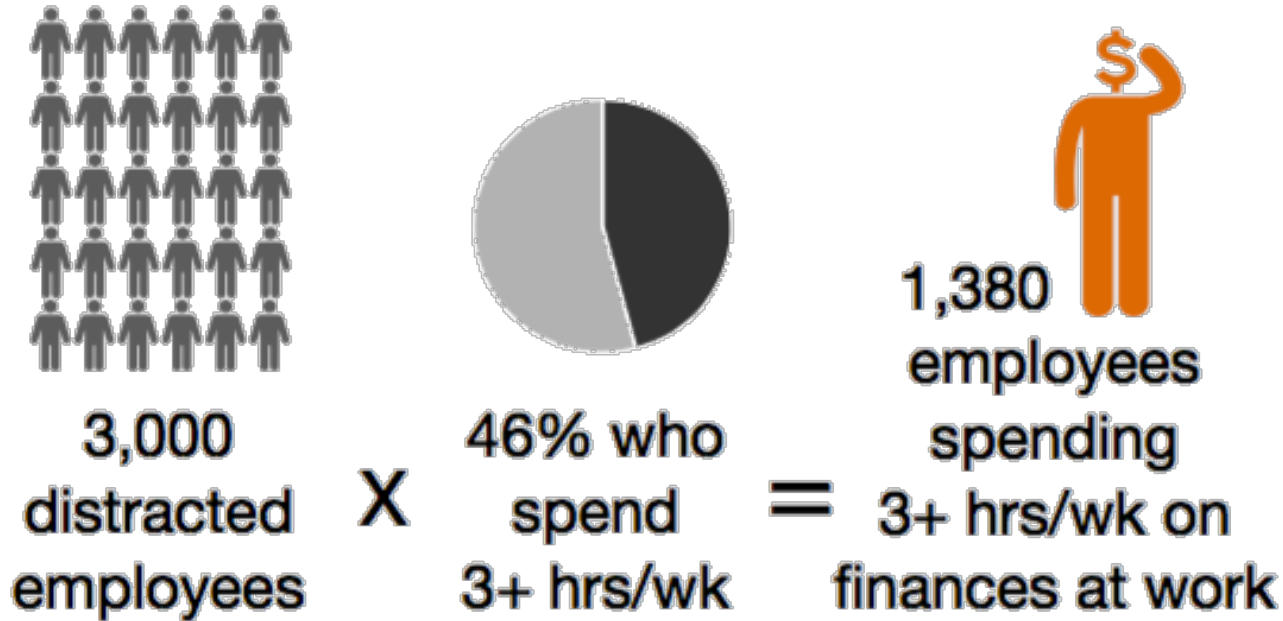
=



3,000
distracted
employees

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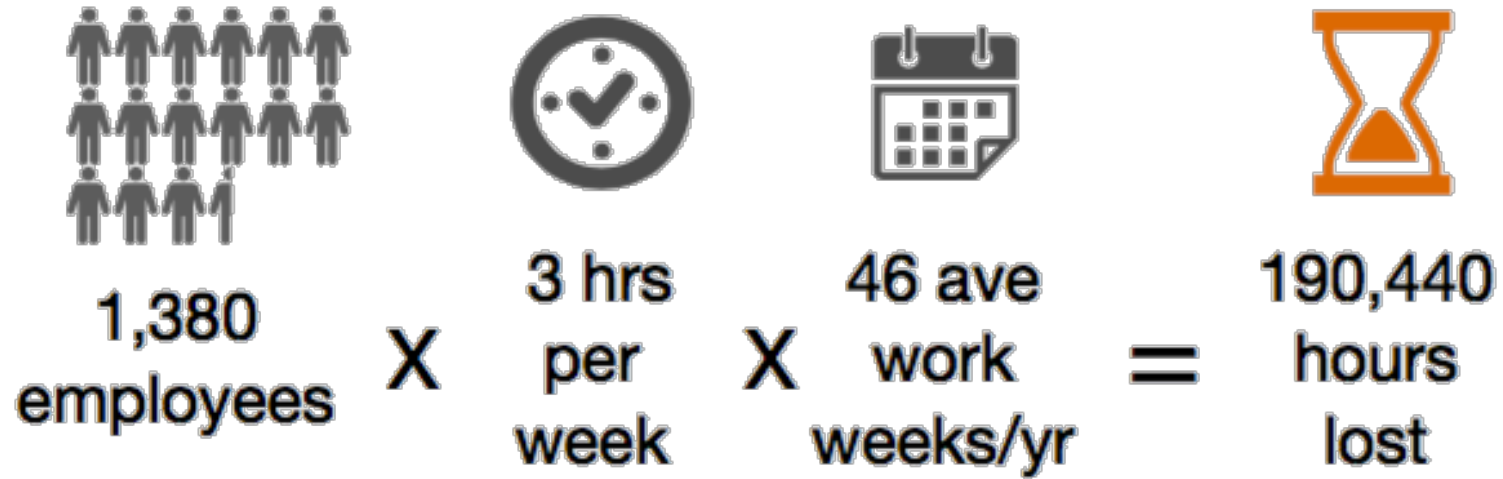
Estimating the Impact of Financial Stress on Productivity



Source: Financial Stress & the Bottom-Line, PWC, 2017

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Estimating the Impact of Financial Stress on Productivity



Source: Financial Stress & the Bottom-Line, PWC, 2017

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Estimating the Impact of Financial Stress on Productivity



190,440 hours

X



\$17.24/hr ave
skilled worker wage

=

**\$3.3M
lost per
year**

Source: Financial Stress & the Bottom-Line, PWC, 2017

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Your Commitment to Financial Wellness Matters

Only 49% of employees believes their employer cares

Millennials (56%) are more likely to say that their loyalty to their company is influenced by how much the company cares about their financial well-being as compared to **Gen X (41%)** and **Baby Boomers (35%)**.

Millennials (67%) and **Gen X (68%)** are more likely to be attracted to another company that cares more about their financial well-being than **Baby Boomers (50%)**.

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Student Loan Financial Wellness Really Matters!

Student loan benefits improve retention and recruiting

76% of candidates say a student loan benefit would be a **deciding factor** in accepting a new job offer

86% of employees say they will stay with a company for at least **5 years** if their employer contributes to their loans

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Student Loan Benefits Address Wage Pressure

Put more money in your employee's pockets

\$7,900

increase in annual take-home pay with forgiveness

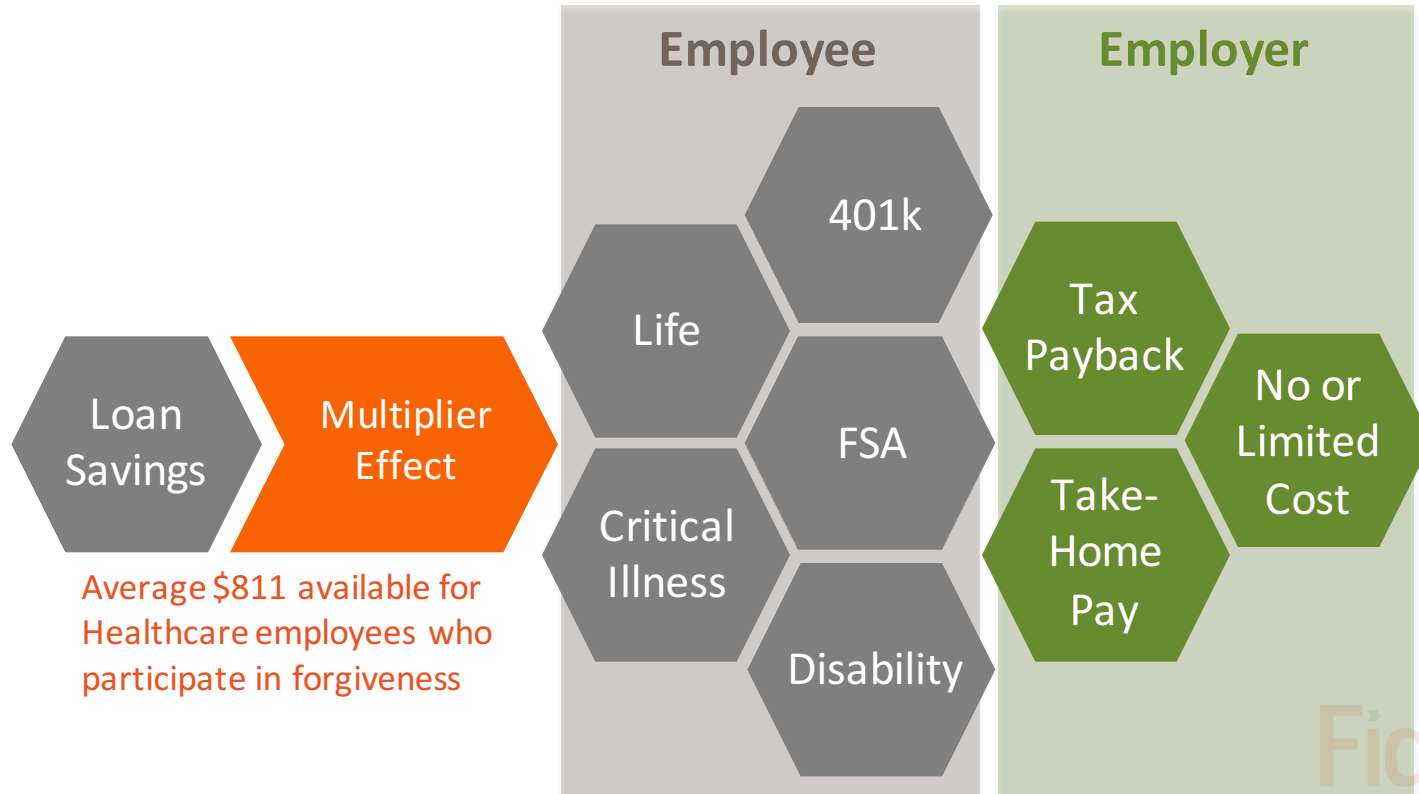
Increase take-home pay

by **\$1 Million**

per 1000 FTE's

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Take Advantage of the Student Loan Multiplier Effect



Payback with Increased 125 Plan Participation

Financial wellness for the employer and employees

Example: Employer saves \$40,000 through lower tax payments

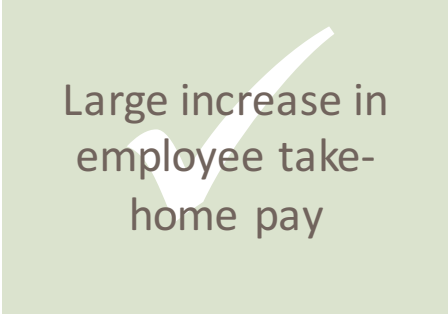
- 350 out of 500 forgiveness (PSLF) employees participate on-site enrollment
- Average enrollee contributes \$1,500 into plan annually
- Eliminates employer portion of 7.65% Medicare/SS taxes on \$525k of income

Employer: Save \$75-225 PEPY (assumes \$1-3k in new deferrals)

Employee: Reduced loan payment AND assistance with medical bills

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Student Loan Benefits... High Reward, Low Risk




Large increase in
employee take-
home pay



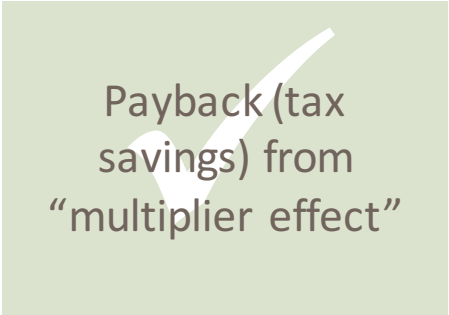
No or minimal
cost to
organization



Targeted to
improve retention
and recruiting



Strengthens
employee
financial wellness



Payback (tax
savings) from
“multiplier effect”



Voluntary and
sponsored options

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GET TO KNOW MORE ABOUT FIDUCIUS

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A Pioneer in Student Loan Benefits Since 2011

- Enables employers to achieve recruiting, retention and productivity goals
- Empower employees to achieve financial wellness
- Unique ***student loan financial planning*** approach combines expert Advisors and an advanced technology platform

\$1.1 Billion of loans
under financial
management

Educated over **165,000**
borrowers about their
savings options

Reduced monthly
payments by an
average of **84%**

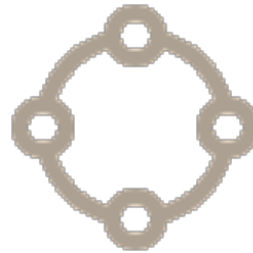
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The Right Capabilities to Ensure Success

A true benefits provider, not a lender or financial institution



Financial
Expertise



Comprehensive
Benefits



Effective
Implementation

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Benefitting Our Customers

Deep experience in Education



Muskegon Area ISD



Region 10 ESC
Experience the Power of 10



educational
service center
of Central Ohio



Ohio Valley
EDUCATIONAL SERVICE CENTER

Fiducius works with
more than **2,500 employers**
in 44 states

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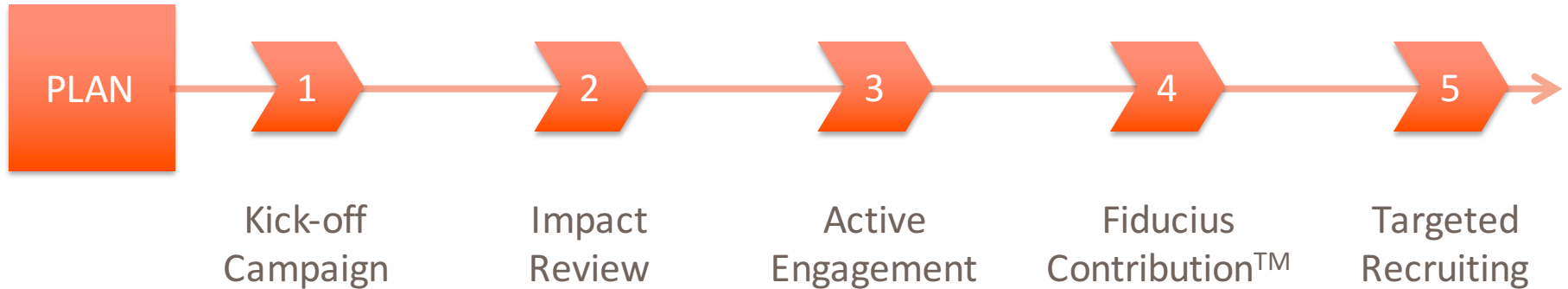


Our 98% Net Promoter Score (NPS)
means Fiducius delivers the best
Client Experience

We Make It Easy to Get Started

Launch, learn and expand

Engagement Plan
with statement
of mutual goals



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**Why aren't you
offering student
loan benefits?**



LET'S ADDRESS YOUR QUESTIONS

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