

Financial Wellness in the Workplace

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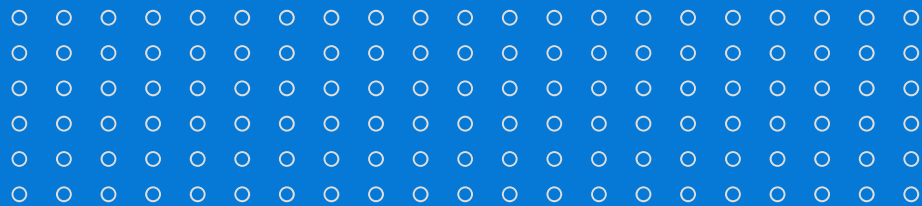
HUB International Ontario Limited

In a career spanning twenty-five years, Curtis has focused on employee group benefits across multiple industry sectors. He provides advanced and proprietary insurance solutions for underwriting in the marketplace and is widely acknowledged as an authoritative expert in employee benefits design and funding platforms. In 1994 Curtis started his benefits career and in 2000 he co-founded Hargraft Schofield Benefits Inc. Curtis purchased Hargraft Schofield Benefits Inc. outright in 2009 and created HSBI Benefits Inc. In 2016 HSBI Benefits Inc. was sold to HUB International where Curtis is currently the president of employee benefits.

Agenda

- 1 | The Need for Financial Wellness
- 2 | Defining Financial Wellness
- 3 | Addressing Employee Financial Wellness
- 4 | Evolving Industry Trends
- 5 | Q&A

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The Need for Financial Wellness



Let's talk about Employee Financial Stress



40%

Of working Canadians feel overwhelmed by their level of debt

48%

Say they've lost sleep because of financial worries

35%

Spend all of their net pay, or even more

37%

Say they will have to delay retirement because they will not have enough money saved

Source: IPSOS REID poll for MNP

Financial Stress Drains Productivity



3 hours

Average time spent
per employee per week
thinking about finances



57%

of Canadians failed a
recent basic financial
literacy quiz conducted by
Ipsos*.

* On behalf of lowestrates.ca

Health & Financial Issues Are Linked



Manifestation of Financial Stress



EMPLOYEE SYMPTOMS	EMPLOYER SYMPTOMS
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- Depression
- Self-Medication
- Stress
- Anxiety
- Sleeping issues
- Fatigue on the job
- Digestive problems
- Unhealthy weight gain/loss
- Memory & concentration issues
- Increased blood pressure
- Distracted

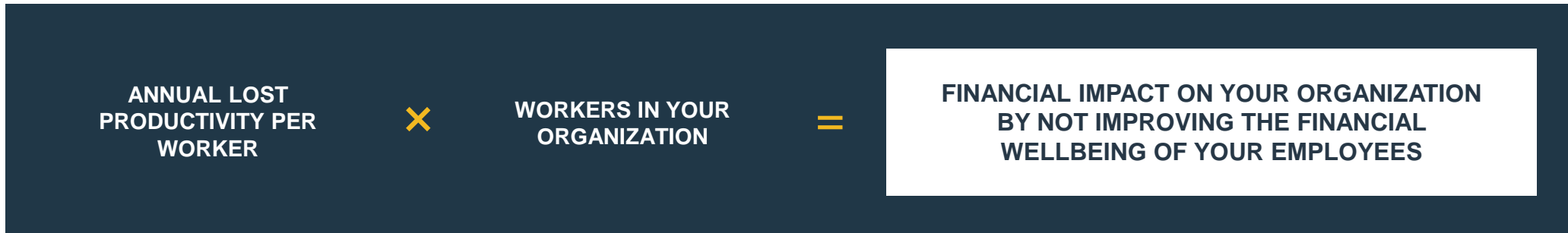
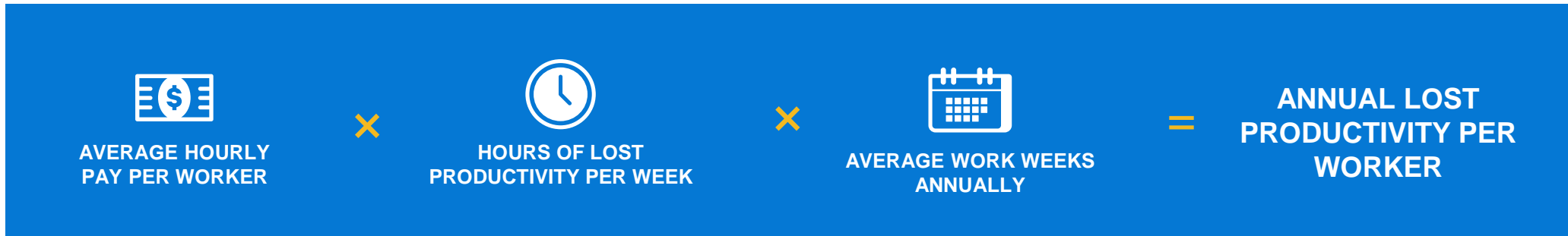
- Absenteeism and/or Tardiness
- Hostile demeanor
- Reduced work productivity
- Overtime abuse
- Long breaks
- Theft
- Frequent phone calls
- Substance abuse
- Accidents/distractions
- Disability/Workers Comp claim increases

FINANCIAL STRESS MANIFESTS AS

15% 44% MIGRAINES/ HEADACHES	17% 39% INSOMNIA / SLEEP TROUBLE
26% 33% HIGH BLOOD PRESSURE	8% 27% STOMACH ULCERS
3% 6% HEART ATTACKS	31% 51% MUSCLE TENSION AND BACK PAIN
4% 23% SEVERE ANXIETY	15% 44% SEVERE DEPRESSION

■ People with **low** levels of financial stress
■ People with **high** levels of financial stress

Calculate the Following



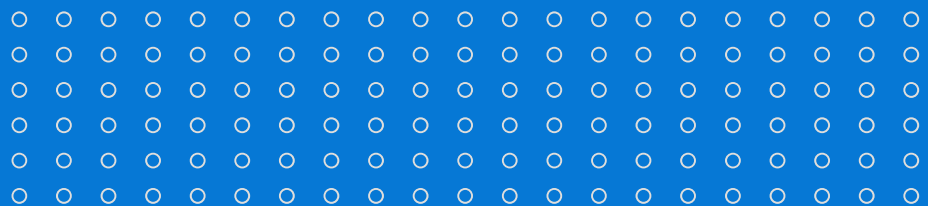
Financial Stress & the Bottom Line



$$\begin{array}{ccccccc} \$17.24 & \times & 3 & \times & 46 & = & \$2,379 \\ \text{Average hourly} & & \text{Hours of lost} & & \text{Average work weeks} & & \text{Annual lost productivity} \\ \text{pay per worker} & & \text{productivity per week} & & \text{annually} & & \text{per worker} \end{array}$$

$$\begin{array}{ccc} \$2,379 & \times & 250 \\ \text{Annual lost productivity} & & \text{Workers in your organization} \\ \text{per worker} & & \end{array} = \begin{array}{c} \$594,750 \\ \text{Financial impact to your organization by not improving} \\ \text{the financial wellbeing of your employees} \end{array}$$

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Defining Financial Wellness



What Is Financial Wellness?

A financial wellness program is designed to help employees gain financial confidence by developing the **knowledge, skills, habits,** and **resources** necessary to take control of one's financial state:

- Control over month-to-month expenses
- Capacity to absorb financial shock
- Living within one's means
- Exposure to minimal financial risk
- Moving toward financial goals
- Financial freedom to enjoy life



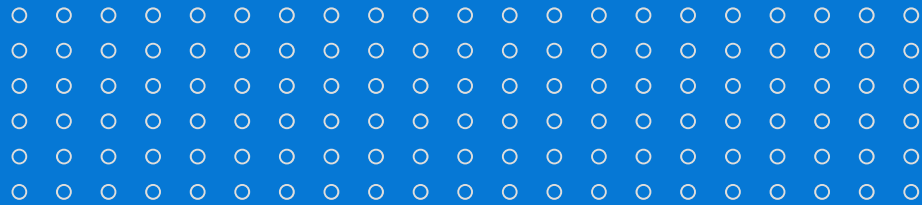
Education \neq Action

Education ≠ Action



**“I have a diversified retirement plan:
sometimes I wish for money, sometimes
I hope for money, sometimes I pray for money...”**

3



Addressing Employee Debt



There are four categories of financial issues that many employees face:

- Debt caused by loss of income due to accidents or disabilities that affect ability to work
- Chronic illnesses and the accompanying costs of care and medication
- Unexpected travel accidents and illnesses
- Preparing for retirement

Issue #1 Chronic or Unexpected Illnesses



Of employees would have to borrow
to pay unexpected care costs

Solution: Reduce Out of Pocket Costs with Group Benefits

Group Benefits plans limit unexpected out-of-pocket costs.

Emergency Travel Assistance	Prescription Drugs	Critical Illness	Telemedicine & Mental Health
<ul style="list-style-type: none">• Sickness• Injuries• Air Transportation• Surgery	<ul style="list-style-type: none">• High cost biologics• Chronic illness• Cancer treatments• Coinsurance	<ul style="list-style-type: none">• Heart Attack• Cancer• Stroke• Renal (Kidney Failure)• Major Organ Transplant	<ul style="list-style-type: none">• Virtual Cognitive Behavioural Therapy• Short Term RX Refill• Access to Care• Employee Assistance Programs

Issue #2: Disabling Accidents or Illnesses

- **1 in 3** chance of Canadian workers becoming disabled for longer than 90 days before turning 65
- **95%** of disabling accidents and illness are not work related, and not covered by workers' compensation
- In 2017, the average Canada Pension Plan disability benefit was **\$971.23** per month. The maximum amount was **\$1,335.83**.

Solution: Income Protection for Employees

- Short & Long Term Disability Protection
- Supplemental Individual Disability Insurance (IDI)
- Long Term Care Coverage / Benefits

Issue #3: Debt

- The average consumer debt (non-mortgage) of Canadians is **\$20,967**. The average household debt (includes mortgage) in Canada is at **163%** of disposable income
- According to a December 2015 survey, **40%** of Canadians carrying balances said they pay much more than the minimum requirement; only **16%** of Canadians who don't pay off their balances every month pay it off most months

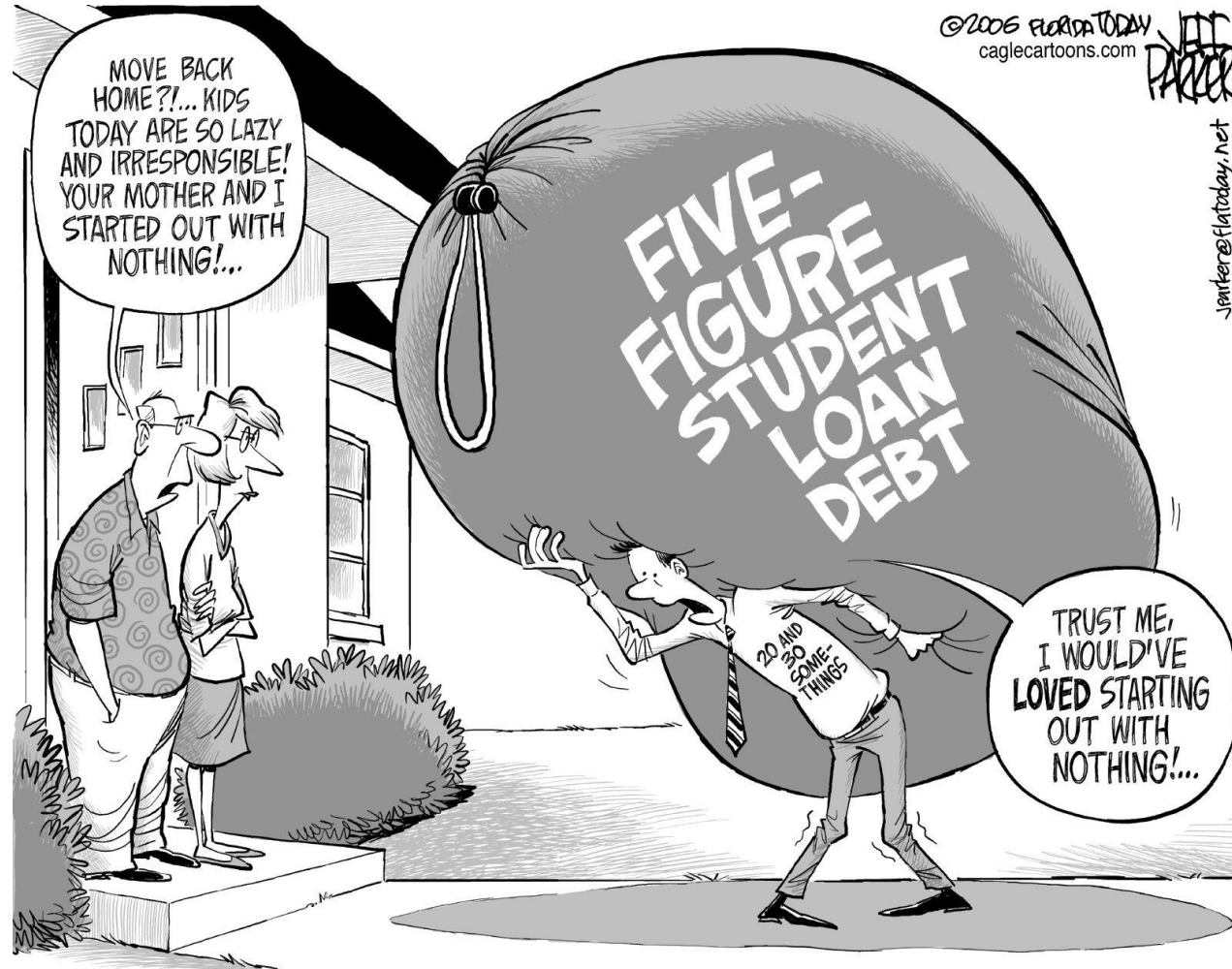
Solution: Workplace Debt Solutions



These programs can offer several advantages:

- Helps employees build credit
- Helps educate employees on spending and saving habits
- Convenient debt repayment model

Issue #4: Student Loan Debt



Issue #4: Student Loan Debt

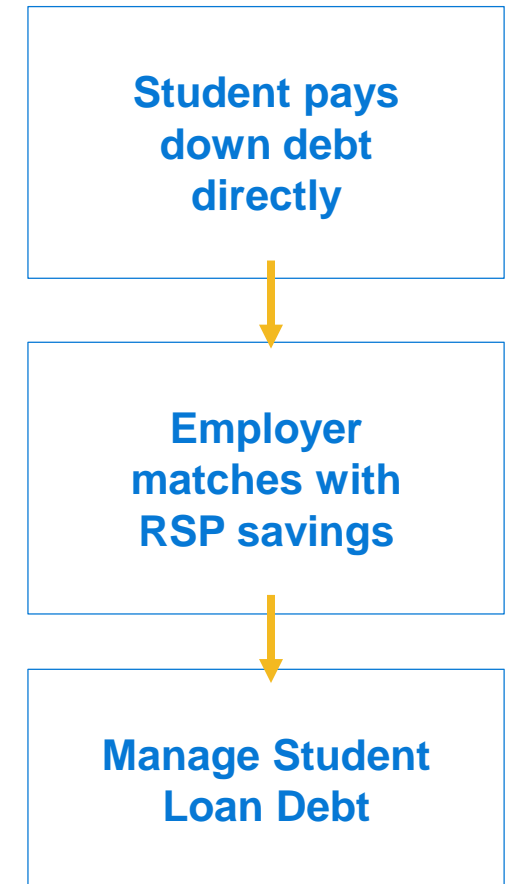
- According to Statistics Canada, the average Canadian university graduate finishes school with more than **\$26,000** in student debt
- **40 per cent** of Canadian students graduate with government student loan debt
- Borrowers typically take between **9 and 15 years** to fully pay off their loan and the period usually overlaps with when Canadians are most likely to start a family.

Solution: Student Loan Repayment & Savings Services

Pilot Program with Great-West Life

- First of its kind in Canada
- As a plan member pays down their student loan debt, employer-matched contributions are directed to their savings plan

Recruitment Tool – Millennials are looking for non-traditional benefits



From Silver Tsunami to the Gray Wall: Baby Boomers are not retiring on time...



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INVESTMENTS AND FINANCIAL PLANNING



**“I retire on Friday and I haven’t saved a dime.
Here’s your chance to become a legend!”**

From Silver Tsunami to the Gray Wall: Baby Boomers are not retiring on time...



Baby Boomers make up 27% of the Canadian population

140%

In the past decade, the number of Canadian workers over 65 has spiked more than 140 per cent

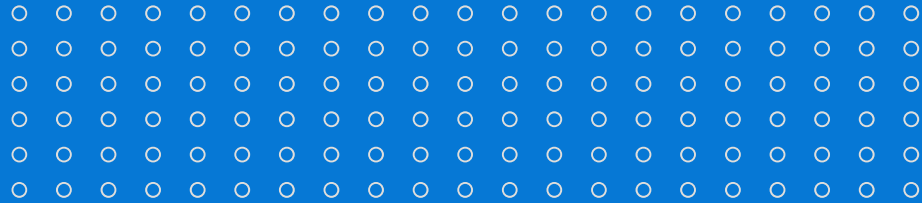
32% of Canadians between 46 and 64 told CIBC they have nothing saved for retirement.

Five Ways for Employers to Measure Success



- 1 Turnover and Retention
- 2 Retirement Readiness
- 3 Benefits and Claims
- 4 Absenteeism and Productivity
- 5 Employee Assessments and Engagement

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Evolving Industry Trends



Trending Topic #1 Wellness Solutions in the Workplace

Mental Wellness



Physical Wellness

Financial Wellness

Trending Topic #1 Wellness Solutions in the Workplace

Mental Wellness



Solution: Digital Cognitive Behavioral Therapy

Trending Topic #1 Wellness Solutions in the Workplace

Solution: Virtual Healthcare



Physical Wellness

Trending Topic #1 Wellness Solutions in the Workplace

**Solution: Interactive,
Online Education**



Financial Wellness

Trending Topic #2 Medical Marijuana in the Workplace

Medical Cannabis has been legal since **2001**.

There are over **300** strains and **90** licensed producers in Canada.

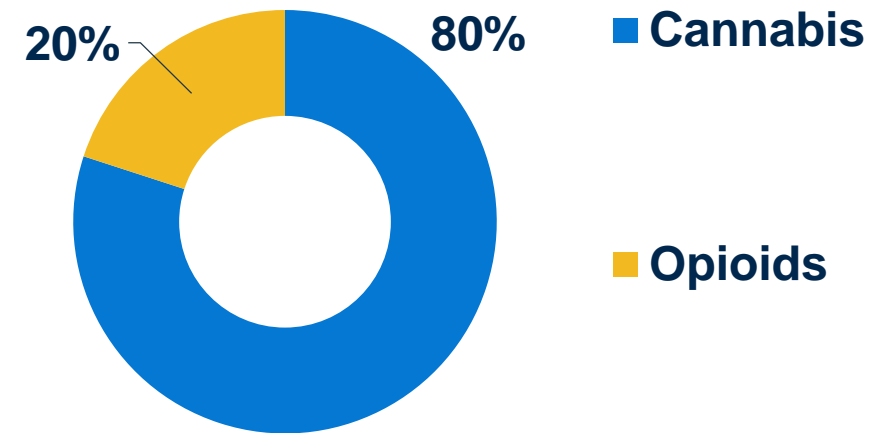
Health Canada projects that by 2024, there will be **450,000** medical cannabis users in Canada. This is projected to increase year over year.

Trending Topic #2 Medical Marijuana in the Workplace

A 2017 study in Cannabis and Cannabinoid Research concluded that:

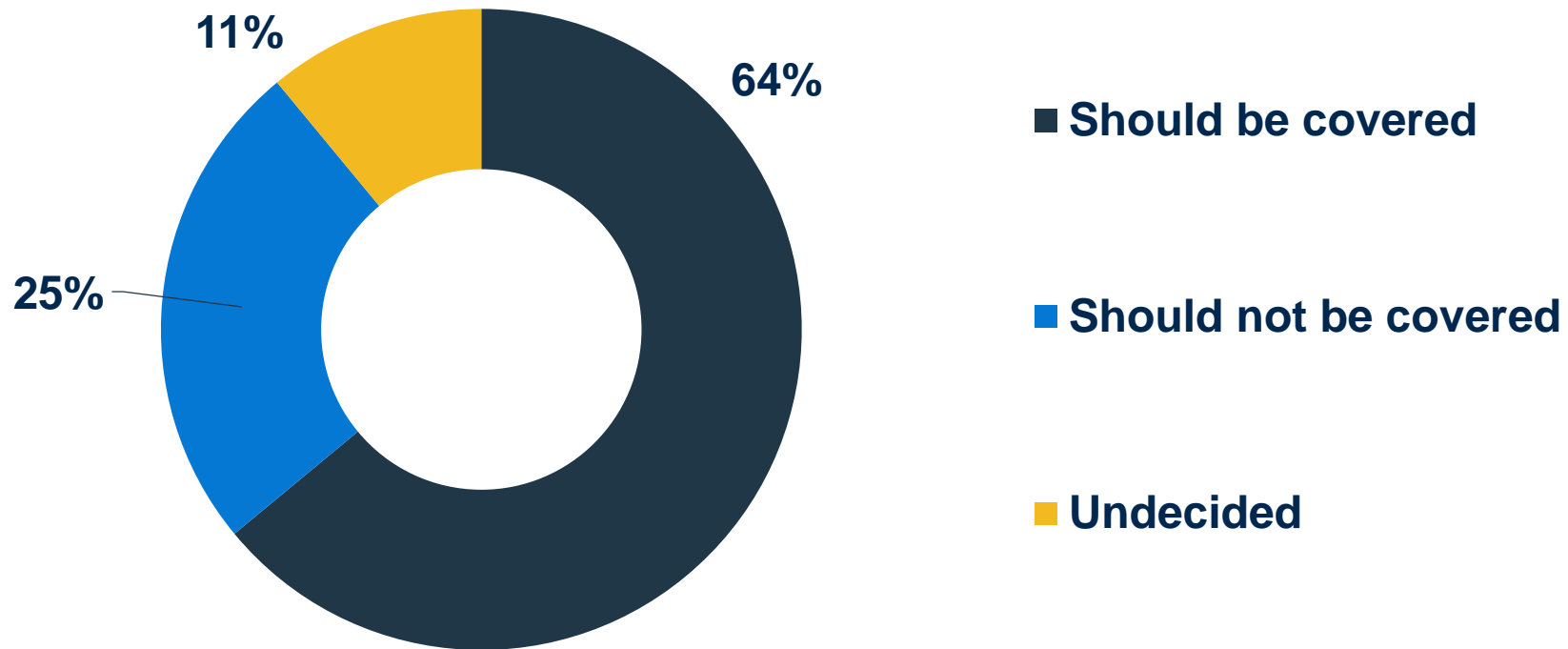
- Patients in the study who were using both cannabis and opioids reported that they **reduced their use of opioids**
- Cannabis use resulted in **fewer unwanted side effects** than their opioid-based medication
- **80% of patients** reported that cannabis by itself was more effective than their opioids.

Patients reporting efficacy of cannabis vs opioids



Trending Topic #2 Medical Marijuana in the Workplace

Employees with workplace health plans agree that medical cannabis **should be covered**.



Trending Topic #3 Benefits Fraud

Canadians underestimate consequences of health and dental benefits fraud

THE GREAT TTC FRAUD

For years, hundreds of TTC staff scammed the employee health care plan and pocketed millions. The true story of the fraud, the investigation, and the lives left in ruins

BY MICHAEL LISTA | ILLUSTRATIONS BY MICHAEL BYERS | MARCH 20, 2018

More than 200 people dismissed amid TTC benefits fraud investigation: officials

By Staff The Canadian Press



Medical insurance fraud widespread, as employees, providers rip off benefit plans

Toronto benefits fraud probe takes a turn as new charges laid over city claims

Trending Topic #3 Benefits Fraud

Private insurers paid out **\$34 billion** in health claims last year, according to the Canadian Life and Health Insurance Association (CLHIA).

Estimates for the number of fraudulent claims range from **two to ten per cent**, meaning between **\$600 million** and **\$3.4 billion** is being stolen annually.

There are two common types of benefits fraud collusion:

1. Providers and plan members working together; and
2. Multiple plan members working together.

Trending Topic #3 Benefits Fraud

SUN LIFE FINANCIAL FRAUD RISK MANAGEMENT
SPECIAL REPORT

THE FIGHT AGAINST
BENEFITS FRAUD –
THE POWER OF DELISTING

Protecting your plan
from fraud and misuse

Health and dental fraud
Protect your benefits plan from the impacts of fraud

Manulife Financial

Group Benefits
Fraud and Abuse Prevention

FRAUD & PRIVACY

10-15

FRAUD PREVENTION

Great-West Life
your Benefits Solutions People

Taking action on fraud

Trending Topic #3 Benefits Fraud

In 2015, investigations into fraudulent activity across Great-West Life group benefits resulted in:

- Recovery of **\$4 Million** lost to fraud.
- **144 people** charged with criminal offences.
- Savings of **\$11.7 Million** through diligent provider monitoring.

Preventative solutions for fraud management at the insurer level:

- Big data technology
- Trained professionals
- Approved provider lists
- Audits and claim controls
- Educational tools and whistleblower hotlines

Q&A