

# FINANCIAL WELLNESS - THE NEXT GENERATION



Employers today understand that they need an engaged, productive and self-reliant workforce that feels confident in their ability to achieve their financial goals. Employers also appreciate that suboptimal financial practices are taking a toll on the engagement and productivity of their workforce and complicating the transition of older workers out of full-time employment.

Financial wellness is widely touted as something of a cure-all for this workforce "ailment," and advisors stand to play a critical role in this next generation of financial wellness, where wealth management and retirement savings converge in a new digital ecosystem.

NAPA-Net recently spoke with Babu Sivadasan, Group President of Envestnet Retirement Solutions, about the current environment, the impact of technology on those solutions, and the opportunities for retirement plan advisors.

**NN: What does a comprehensive, holistic approach to financial wellness entail?**

**Sivadasan:** If workers are financially insecure, their plans for retirement can sometimes be deferred. And, like a traffic backup on the highway, this stress can cascade down to younger employees, raising doubts about their upward mobility and growth potential within their companies.

The goals of financial wellness are relatively straightforward in concept, if complex in reality. Simply stated, workers should be able to stand on a sound financial footing, which is to say manage their current expenses and debts, maintain cash reserves and insurance for emergencies and

stay on track with savings for long-term goals like their children's education and retirement. Envestnet Retirement Solutions has brought this capability into a fully integrated managed retirement experience and has long been how advisors supported their high-net worth clients.

**NN: One of the biggest concerns of plan sponsors and advisors alike - what's the return on the investment in financial wellness?**

**Sivadasan:** While employers like the idea of helping their employees, and are attracted by the concept of financial wellness, which historically focused purely on qualitative education, they are often ill-equipped to calculate their return-on-investment (ROI) for wellness programs.

This lack of quantitative metrics has until recently constrained the growth of wellness programs, but an industry consensus is emerging to suggest that wellness brings positive ROI, particularly in terms of worker motivation, engagement and productivity and the ability of employers to attract and retain workers in a tight labor market.

At a practical level, employers today perceive that providing financial wellness programs is a competitive advantage, or even a "must-have" for a tight labor market in which quality employees are sought out and recruited aggressively. High employee turnover is expensive and bad for morale; financial wellness programs that maximize engagement deepen the bonds between employees and employers.

**NN: What lies ahead in the next generation of financial wellness?**

**Sivadasan:** Financial wellness programs in the future will be piloted by a new generation of financial advisors who embrace financial technology delivering vastly enhanced artificial intelligence (AI) driven services and advice. Far from being a modest nice-to-have enhancement of employee benefits, financial wellness is already driving a revolution in the delivery of financial advice.

We're developing a completely new holistic approach to retirement and wealth management, enabled by recent



BABU SIVADASAN



developments in cloud computing, AI and networked mobile devices.

**NN: How can a retirement advisor leverage this information to deliver better more holistic solutions for plan sponsors and their employees and participants?**

**Sivadasan:** Financial wellness promises to change the way advisors think about their work and about their role in the broader retirement and wealth management ecosystem. Data aggregation and integrated solutions allow advisors to concentrate on the big-picture strategies aimed at their clients' financial wellness and will increase the amount of time that they can dedicate to client interaction. The technologies and tools built to serve the goal of financial wellness both empower advisors and make it possible for them to extend their service to many more investors and plan participants.

However, smart algorithms, data science, financial robotics and all the rest will not displace the essential role of advisors. Rather, it will deliver to them a greatly-expanded marketplace, together with digital tools and systems that will allow them to service a broader market - profitably. The human factor is indispensable - and the financial wellness ecosystem will give advisors an efficient new mechanism for corralling more strategies and delivering them to many more investors.

In view of the accelerating complexity of today's financial environment - in which risk management and retirement readiness rests on the shoulders of individual investors - advisors are more necessary than ever.