

*Fast Facts*

# Financial Wellness Essay Collection

## SUMMARY

Financial wellbeing is often defined as the state of being wherein one is able to control and track one's finances and maintain both financial freedom and security. A Society of Actuaries (SOA) call for essays wanted to explore how this plays out in everyday life and drew a wide variety of ideas from actuaries and other professionals who work in the fields of aging and retirement. The resulting essays were compiled into this groundbreaking collection.

Several essays target employer issues, such as what constitutes success in employer-based financial wellness programs. Others examine the roles and actions individuals take to improve their wellness profiles. The highlights shown here are extracted from the six prize-winning essays, but the other essays contain insights and ideas as well.

## HIGHLIGHTS

- Predictive modeling shows that the average number of hours from unplanned absences at a 50,000-life could decrease from 13.73 to 10.35 among employees whose financial wellness score moved from 4 to 6 (on a 0-10 financial wellness scale). Assuming an average annual salary of \$50,000, this could result in a savings of \$4.2 million per year from unplanned absences.-- *Gregory Ward, CFP, Financial Finesse Financial Wellness Think Tank*
- Automatic rebalancing and lifecycle funds can help deter procrastination as part of a financial wellness program. Both exploit the tendency to stay put while dynamically adjusting portfolios to meet investment objectives. -- *Tianyang "Tian" Wang, ASA, FRM, Ph.D., Colorado State University*
- Successful employer-based financial education programs cover an average of seven topics (savings, investments, insurance, etc.) compared to just four among unsuccessful employer-based programs. -- *Julie Stich, CEBS, International Foundation of Employee Benefit Plans*
- To help individuals determine how much to spend/save for the rest of their lives, the same actuarial principles used for pension plan funding and measuring Social Security actuarial balances can be applied. -- *Ken Steiner, FSA, MAAA, retired pension resource actuary*
- The 401(k) could be transformed from a retirement savings plan at a specific employer into a lifetime financial instrument that helps workers build greater financial security today and tomorrow. -- *J. M. "Jack" Towarnicky, MBA, JD, Duquesne University*
- Total wellbeing technology can bring together employer-managed data with personal data in ways that support not only the achievement of financial wellbeing but also other short- and long-term goals. -- *Scot Marcotte, CEBS and John Larson, J.D., both of Conduent HR Services*

## LINK TO FULL REPORT

Financial Wellness Essays

<https://www.soa.org/essays-monographs/financial-wellness/2017-financial-wellness-essay-collection.pdf>

## METHODOLOGY

- Timeframe: Call issued in 2016; papers published in 2017
- Requirements: Call sought essays on how to advance knowledge about financial wellness for working age adults (as opposed to children and students). Papers ranged from 1,000 - 2,500 words, and have no overt political, commercial or inappropriate content.
- Awards: One first place prize, two second place prizes, and three third place prizes.

## REPORT SPECS

- Published: April 2017
- Pages: 66
- Access: Downloadable pdf
- Research Sponsor: The Society of Actuaries (SOA)
- Author(s): 15 professionals in the field of aging and retirement
- Essays: Measuring the Benefits of Workplace Financial Wellness; Fighting Procrastination for Financial Wellness: Harness the Power of Inertia; What Makes a Workplace Financial Wellness Program Successful?; Using Sound Actuarial Principles to Enhance Financial Well-Being; My Financial Wellness Solution: The 401(k) as a Lifetime Financial Instrument; Financial Well-Being as a Technology Solution; A Framework for Multilayered Post-Retirement Financial Planning Strategy: Critical Assessments of Individual Needs and Available Resources; Time to Ditch the Three-Legged Stool Analogy for Retirement and Replace it With a Two-Picture Analogy: A Mailbox and a Piggy Bank; Save and Grow: Considerations for Future Financial Freedom; Don't Forget the Role of Families in Lifetime Financial Security; Practical Issues in Financial and Life Management for the Late-in-Life Population; Personal Risk Manager: Driver of Resilience; Practical Insights Into Financial Wellness; and Retirement Readiness and the Value of Future Social Security Benefits.



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