



Personal and Financial Wellness

Principal Financial Group and Accountable Health Solutions

Brad Holterhaus | Lee Dukes  
October 21, 2013



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Health=Wealth

### Employers...

- Recognize the need for healthier, happier, more productive employees
- Are bombarded with a myriad of wellness methodologies
- Are challenged by changing and ill-defined regulations
- Yet have the same (or fewer resources) than they did 5 years ago

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### Employees...

- Are not adequately saving for retirement
- Are using discretionary income to pay for rising healthcare costs
- Are less productive
- Face Retirement Readiness challenges

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### Effective Wellness Programs

Maintain health now → Reduce health risks over time → Extend quality of life

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## Why Wellness Works

**Successful wellness plans include**

Data-driven strategy | Meaningful incentives | Effective communications

**Participant engagement rates around 80%**

Employees and spouses

**Typical risk improvement is approximately 5%<sup>1</sup>**

Lower risks translate to improved health | Improved health means favorable trends

<sup>1</sup> Accountable Health Solutions, two-year average of 4.79%, as of 12/31/2012

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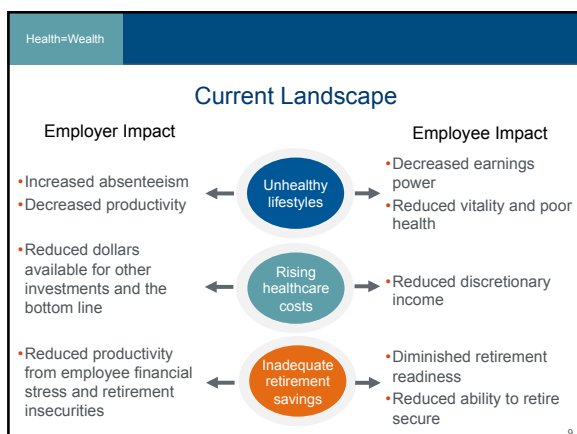
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## Pairing Personal Wellness *with* Financial Wellness

**63%** of participants who retired earlier than planned did so because they had a **health problem or disability**<sup>1</sup>

average retirement balance<sup>2</sup> is barely over **\$25,000**

**84%** of workers view physical health as an investment in their financial future<sup>3</sup>

**Financial worry makes us sick<sup>2</sup>:**

- 2x as likely to suffer from chronic pain
- 2x as likely to suffer from heart attacks
- 3x as likely to suffer from insomnia
- 8x as likely to suffer from depression
- 10x as likely to suffer from migraines

<sup>1</sup> Employee Benefit Research Industry Retirement Confidence Survey, 2012  
<sup>2</sup> Associated Press Research, 2012  
<sup>3</sup> 2013 annual Retirement Confidence Survey

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## Retirement Trend #1

**Employees aren't saving enough for retirement.**

- Employee confidence in retirement remains at historic low
  - Only 13 percent are confident they will have enough to retire comfortably.<sup>1</sup>
- Social Security contributes only about 1/5 of pre-retirement income.

**More than half of workers have less than \$25,000 saved or invested for retirement.<sup>1</sup>**

<sup>1</sup> 2013 Retirement Confidence Survey : Employee Benefit Research Institute (EBRI)

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## Retirement Trend #2

**Retirees are living longer.**

- Today's average life expectancy after age 65 is 19 years\*
- Wellness programs address this trend by:
  - Helping reduce medical and healthcare costs
  - Addressing health risks now

**Average life expectancy after age 65 by gender:\***

Men: 17.2 years  
Women: 19.9 years

\*Center for Disease Control and Prevention, "Health, United States 2012," p.152

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### Retirement Trend #3

**Healthcare costs are rising, leaving people with less discretionary income.**

- When health is in check:
  - Employers can spend less on healthcare and more on salaries and other employee benefits.
  - Employees can spend less on healthcare and have more money for other things – including savings.

Today's average retiree needs \$250,000+ to pay for healthcare costs through retirement.\*

\*"Funding Savings Needed for Health Expenses for Persons Eligible for Medicare," EBRI Issue Brief, December 2010

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### Tying Personal Health to Wealth

**Era of Personal Responsibility:**

- Illness can reduce retirement readiness
- Dollars that could have gone into savings pay for healthcare expenses
- An employee's ability to retire as planned is endangered

"The first wealth is health."  
-Ralph Waldo Emerson

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### Wellness Case Study: The Impact of Employee Engagement

**Construction Company**

- 12,000+ U.S. employees, construction and engineering
- Strong management support for wellness
- Many employees move from one project location to another
- Coaching program for Metabolic Syndrome and tobacco users
- Incentives for employees and spouses
- Large Spanish speaking population
- Print materials heavily utilized

Source: Accountable Health Solutions

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### Case Study: Employee Engagement Rates

Key Metrics	Engagement
Participation	91%
• Wellness Assessment	88%
• Screening	89%
• Coaching	72%
• Seminars	65%
Earned Incentive	79%
Net Risk Trend Change	4.4%
• Low Risk	79%

Source: Accountable Health Solutions

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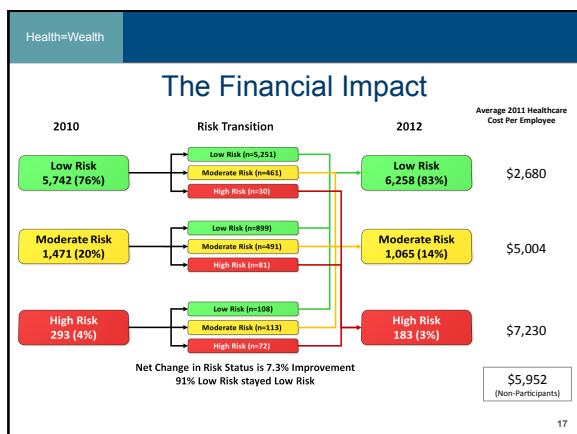
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### Retirement Case Study: The Impact of Employee Engagement

**Sales and Marketing Company**

13,000+ U.S. employees

Many employees worked out of their homes

High level of Employer Support

Developed a contest to engage employees to appeal to their competitive and creative spirit

Employees submitted 401(k) Date Campaign Ideas and voted on winners

Source: Principal Financial Group

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## Case Study: Results

**Results**

- Average increase for elective deferrals was 3.45%
- Average deferral for new enrollees was 6.74%
- 20:1 return in terms of additional retirement funds brought into the plan vs. cost of campaign
- Company won 4 awards for their creativity

Source: Principal Financial Group

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Leveraging Engagement and Behavioral Change

## Creating a Total Wellness Solution

Health	+	Wealth
<input checked="" type="checkbox"/>	+	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	+	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	+	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	+	<input checked="" type="checkbox"/>

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**Total  
Wellness  
Solution**

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## Taking Control of Your Total Wellness

Wellness Dashboard

**Health**

Earned Points: 80

Qualifying Activities YTD

Health Risk Assessment	15	<input checked="" type="checkbox"/>
Screening	20	<input checked="" type="checkbox"/>
Health Coaching	15	<input checked="" type="checkbox"/>
Online Seminars	20	<input checked="" type="checkbox"/>
Challenge Completion	10	<input checked="" type="checkbox"/>

GET ACTIVITIES!

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Current  
Wellness Bank

**Financial**

Earned Points: 60

Qualifying Activities YTD

Financial Risk Assessment	15	<input checked="" type="checkbox"/>
Counseling	20	<input type="checkbox"/>
Milestones	20	<input checked="" type="checkbox"/>
Online Seminars	15	<input checked="" type="checkbox"/>
Challenge Completion	10	<input checked="" type="checkbox"/>

GET ACTIVITIES!

This chart is an example of possible wellness activities and points tied to each activity, and is for illustrative purposes only. The "current wellness bank" is an average of the health and wealth components, and would be based on each individual's situation.

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Health=Wealth		
Health	Driving Behavior Change For Wellness	Financial
✓	Inspiration / Motivation	✓
✓	Assessment	✓
✓	Education	✓
✓	Coaching	✓
✓	Tools and Resources	✓
✓	Incentives / Rewards	✓

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### Accountable Health Solutions

**Consultation** – A knowledgeable wellness professional will work with you to manage all aspects of your program and recommend proactive strategies to achieve greatest value.

**Flexible options** – We offer flexible program, technology and service model options, allowing you to select all or part of our services – including health coaching and preventive screening. We help you design a program specific and relevant to your population.

**Superior technology** – Our award-winning wellness portal is customized to include your specific content and preferences. Our digital strategists and web developers deliver ongoing innovation and added value.

**One-stop-shop** – A dedicated employer wellness portal can be designed to also serve as the main hub for all of your employee benefits. It can connect to other sites to make it easy for members to navigate your benefit options.

**Implementation excellence** – An expert implementation team will work with you to implement all aspects of your program with ease.

**Regulatory expertise** – We understand the Affordable Healthcare Act and HIPAA wellness regulations. With that in mind, we will help you build an effective incentive-based strategy with reasonable alternatives when required.



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WE'LL GIVE YOU AN EDGE<sup>SM</sup>

Principal Financial Group does not diagnose or treat any medical condition or provide medical advice. Results obtained from program participation depend upon health status and how the information provided is applied. Wellness and wellness incentive programs are subject regulation under federal and state law. Principal Financial Group does not give legal advice. Consult with your legal advisor regarding the design of any wellness or incentive program. Savings and health improvement are not guaranteed.

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