



# Deepening Client Engagement Through a Focus on Financial Wellness

# The Union of Mind, Body, and Finances

People have a tendency to compartmentalize their lives, building silos between things like money, relationships, health, and well-being—but the reality is, these are interlocked parts of a single engine—the human condition. When one part experiences friction, the engine can't function properly. The part most prone to malfunction? Personal finances, or at least that's what the data tells us.

In early 2021, the American Psychological Association conducted a survey to quantify stress in America and better understand its origins. According to the results, over two-thirds of adults cite money as a major source of stress in their lives<sup>1</sup>—which begs the question, *why?* Why is financial stress so prevalent in the here and now? Both short-term and long-term factors have coalesced to create the perfect storm. A deep-rooted institutional failure to prioritize—and democratize—financial literacy is much to blame, as young adults are forced to navigate things like applying for their first credit card and student loans without the proper context and primary education to understand the gravity of those decisions. Not only are they navigating the unfamiliar world of finances, they're fighting an uphill battle riddled with job insecurity, living expenses that outpace wages, and other economic uncertainties.

There is new thinking around money management that replaces the linear financial planning experience with an ever-evolving, holistic approach that promotes confidence and long-term positivity—a practice whose ultimate aim is financial wellness.

In this eBook, we will demystify financial wellness and dissect its three core tenets: control over finances, financial preparedness, and planning for the future. We will also explore the larger implications of financial stress, how advisors can more effectively engage clients through a focus on financial wellness, and the powerful impact that money positivity has on an individual's quality of life.



# What Is Financial Wellness?

At eMoney, we define financial wellness as a positive state of being that results from a healthy relationship with money and the impact it has on other aspects of your life. It's fluid and subjective, and—most importantly—doesn't necessarily relate to net worth. In other words, rather than positioning financials as a race to the top, it should be thought of as an iterative journey that ebbs and flows with life and supports your mental, emotional, physical, relational, and spiritual health. The goal of financial wellness is to reach and maintain a level of personal satisfaction and peace of mind throughout the journey of one's life.

To see how this definition manifests in the real world, we asked a diverse group of adults to identify what financial wellness means to them. Here are the characteristics that signify financial wellness and the percentage of respondents who felt this way<sup>2</sup>:

<p><b>39%*</b></p> <p>A feeling of financial security as a result of income and manageable expenses</p>	<p><b>37%*</b></p> <p>Having a comprehensive financial plan personalized for me that maps out my finances, both short- and long-term</p>	<p><b>34%*</b></p> <p>Feeling safe and secure when making large purchases or financial decisions</p>	<p><b>33%*</b></p> <p>An understanding of where my finances are today and how to save for tomorrow</p>
<p><b>32%*</b></p> <p>Feeling that my financial situation aligns with my life goals</p>	<p><b>31%*</b></p> <p>Little to no debt</p>	<p><b>30%*</b></p> <p>A positive opinion and mentality toward my finances</p>	<p><b>22%*</b></p> <p>A solid investment portfolio</p>

Although most people have similar financial buckets, the order in which they are prioritized varies from person to person and is largely dictated by factors unrelated to finance—their age, their family makeup, their background, their career goals. Each of the buckets listed above is a small component of a much larger “garden” that people grow around themselves and then live within.

Creating a bespoke garden that fosters financial wellness not only has broader implications on individual areas of health such as mental and physical health but also has a far-reaching impact on communities as a whole.

<sup>2</sup>Multiple answer choices were allowed therefore the total will sum to more than 100%.

# Why Focus on Financial Wellness?

For financial professionals, financial wellness has always been a consideration, but recent events have brought it front and center and demanded that we put more effort into destigmatizing money talk and democratizing financial balance. By evangelizing and then putting into practice a more approachable wealth management narrative, financial professionals can empower people, communities, and even future generations to achieve a heightened state of financial literacy. Financial wellness is all-encompassing—funding our dreams and aspirations, allowing us to achieve a certain quality of life for ourselves and our families, and cultivating the communities around us.

**“As a behavioral finance consultant, it’s been exciting for me to step into the finance industry. I love what’s happening in the industry because when we’re talking about money, we’re talking about people’s lives. More people are acknowledging that planning conversations aren’t just about math, they’re about understanding people. So it’s important to engage with the psychology behind financial decisions.”**

**–Matthew Schulte, Head of Financial Planning at eMoney Advisor**

In other words, there’s a domino effect to financial literacy and financial professionals are well-positioned to initiate the action. So, where does financial wellness fit into the evolution of financial planning? It’s the latest—and arguably the most sophisticated—iteration of the financial plan because it reaches beyond cash flow and debts, beyond human connection and personalization, to positively reinforce a person’s aspirations and overarching life mission.

Here’s why financial wellness is boiling to the surface today, and how it permeates through all the many layers of society.



## Overcoming Economic Volatility

In March 2020, the world was forced to rethink every social norm, every routine, and succumb to a “new” normal where COVID-19 exists. Unfortunately, this new normal brought with it a tornado of financial duress. As standard business operations were interrupted, a wide spectrum of the workforce—service industry workers, factory employees, retail staff, and a flurry of others—found themselves displaced and struggling financially.

But amidst the chaos and hardship, quite a few positive changes took place. Remote work became the status quo, businesses of all kinds used technology to mobilize productivity, and financial literacy found its way under the microscope for financial professionals and the general population alike.

**“The COVID-19 pandemic has unfortunately caused financial trauma and stress for many people and has really highlighted the need for financial planning and financial literacy across all clients, as well as the need for virtual experiences and engagement.”**









**-Mac Gardner, CFP®, CEO at FinLit Tech**



When we asked a group of adults living in the US during the pandemic to list their stressors, we found<sup>2</sup>:

- 68%** felt stress related to financial health
- 50%** felt stress related to physical health
- 49%** felt stress related to mental health
- 41%** felt stress related to relational health
- 41%** felt stress related to spiritual health

Digging a little deeper, respondents reported they were most focused on the following aspects of their finances:

-  **Paying day-to-day bills—32%\***
-  **Paying off debt—30%\***
-  **Saving/building up emergency fund—30%\***
-  **Saving for a large purchase (e.g., a home renovation, car, or a vacation)—29%\***
-  **Saving up for children’s educational expenses—28%\***
-  **Budgeting—26%\***
-  **Health care expenses—25%\***
-  **Retirement—24%\***

The data above tells an important story: Financial efficacy is top of mind. While the pandemic highlighted the importance of a safety net and emergency funds, financial professionals began considering how they could increase financial literacy en masse for individuals of all socioeconomic statuses and define the role digital tools would play in that mission—imposing a mandate for change.

\*Multiple answer choices were allowed therefore the total will sum to more than 100%.

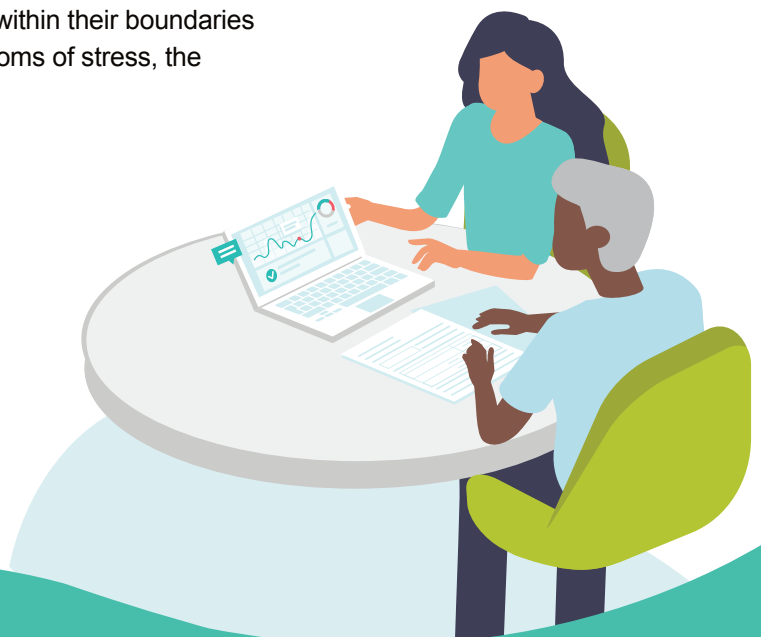
## Closing the Wealth Gap

Mixed in with other COVID-related economic difficulties is the topic of financial equality—or more appropriately, the lack thereof. Although the pandemic is the most recent influence on the wealth gap, large-scale factors, “including lower than average wages due to limited employment or educational opportunities, reduced access to advantageous workplace retirement savings vehicles like 401(k)s and 403(b)s, and consumer lending policies that may be biased against certain racial and ethnic populations” have long contributed to financial inequality.<sup>3</sup> Unsurprisingly, financial stress is most abundant where wealth is least abundant, and the impact of that stress runs deep—affecting personal health—and wide—shaping the way communities identify and coexist as a collective.

**“Financial wellness is peace of mind. Money is simply a tool to give you the freedom, security, and empowerment to live in whatever way gives you fulfillment. To truly serve everyone, especially those underrepresented and underserved, and grant all people the opportunity to achieve financial wellness, we need a range of education, technology, and tools that meet them where they are. A deeper understanding of clients’ needs and aspirations can allow advisors to truly be their clients’ partners and guides during their financial journeys.”**

**–Celeste Revelli, CFP®, Director of Financial Planning at eMoney Advisor**

And stress doesn’t just affect the mind. It affects the body, exacerbating anxiety, depression, and headaches and disrupting sleep, memory, and concentration. If communities are simply a melting pot of individuals living within their boundaries and the majority of their residents are experiencing symptoms of stress, the community dynamic inevitably suffers.



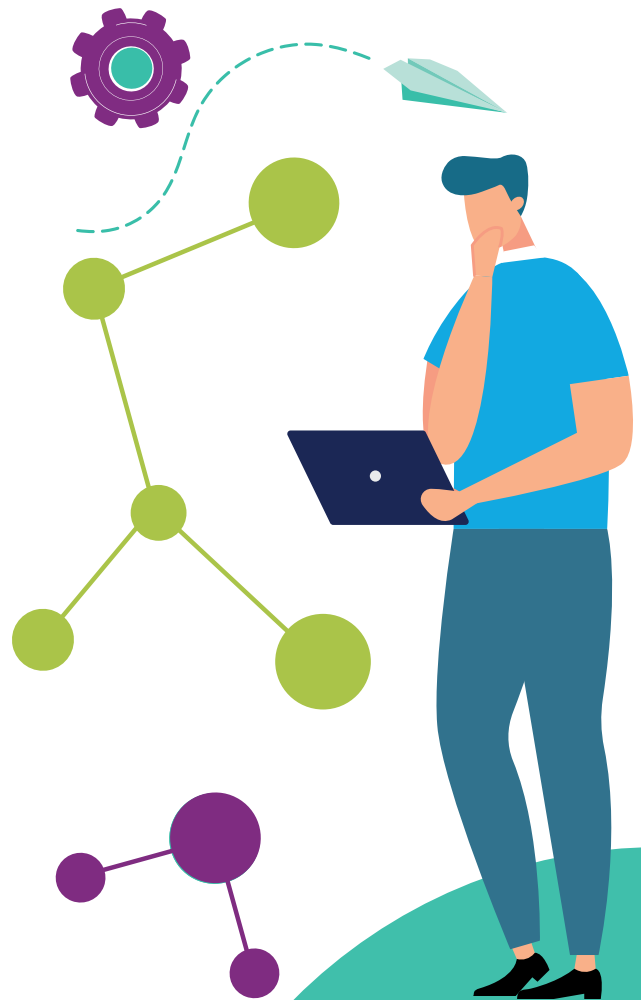
## Access to Technology

Let's face it: There will never be a time when every American has human-led financial counsel available to them. In fact, only one-third of Americans surveyed reported having consulted with a financial advisor.<sup>4</sup> The working definition of financial wellness asks financial professionals to not only open their educational pathways and widen their books of business but also simultaneously become more thoughtful and more agile in their approach—making the problem two-fold:

1. How do we make financial planning more approachable and accessible?
2. How do we help financial professionals serve more clients while helping them develop more meaningful connections?

The answer to both questions: digital experiences. Today, 89 percent of the population owns or has access to a computer, and the rising generation of digital natives will soon represent the workforce majority.<sup>5</sup> The next wave of investors is hungry for anywhere, anytime access that enables them to self-serve and self-educate. **Financial professionals are operating in an increasingly digital world, and technology provides the perfect opportunity to gain access to those seeking financial wellness, by enabling their exposure to a range of education and tools that can be used on their own time.**

Leaning into digitization will not only help financial professionals remain relevant but also enable them to automate backend processes using artificial intelligence (AI) and big data to expand their books of business without becoming overloaded.





# Putting Financial Wellness into Practice

## Seeding the “Financial Garden”

One way to explain this to your clients is to use the concept of planting a garden, in this case, it's a financial garden. What people want to grow and cultivate is personal and tied to factors such as location, environment, and needs. And what someone wants to cultivate tomorrow needs to be rooted in what they can plant today—this bridges the gap between short-term and long-term goals, as most micro milestones should blossom into macro successes—and thus cultivate financial wellness.

Similar to how a garden is a collection of different plants and foliage selected by the gardener, financial wellness should be deconstructed into a few different desired outcomes, such as planning for retirement, setting aside money for a college fund, or simply saving for a vacation. These outcomes should align closely with personal goals and interests that make clients happy.

Once the seeds are planted, the garden requires routine maintenance, care, and should be reevaluated once the initial short-term goals are met. To select the right seeds for their clients, financial professionals must be intentional with their questions and always seek to reach a deeper level of connection in conversation. In practice this means thinking beyond, ‘what’s the balance of your 401(k)?’ to asking existential imperatives like:



What does an ideal life look like for you?



What gives you fulfillment?



When you think about your financial health today, what keeps you up at night?



What legacy would you like to leave behind?

These questions will unearth a financial path forward that naturally fits into their lives. Staying on the right path is a shared effort between client and advisor, where the advisor delivers the education and guidance and the client stays committed and lives out their individual definition of financial wellness. Although the areas of focus are unique to each individual, the outcome is universal: financial preparedness, confidence, empowerment, security, and an overall feeling of balance.

## Mastering the Three Pillars

Though every garden is unique, the methodology for how it's planted and subsequently maintained is not. Financial professionals should position financial wellness the same way, telling clients that more than focusing on how their financial garden is seeded and harvested, they should consider their end-vision and use that to govern what gets planted and why their chosen areas of focus empower them to achieve their life's purpose.

The philosophical nature of financial wellness can make it daunting, as you wonder where and how to begin for yourself or for your clients. To break it down into manageable pieces, financial professionals should think of modern financial planning as a three-legged stool and financial wellness as the continuous, iterative journey to ensure all the legs remain stable. The legs of the stool are:

### 1. Control Over Daily Finances

Start small by localizing wellness to day-to-day expenditures and setting a budget on daily spend. Financial professionals can use tracking tools to collaborate with clients and gamify budgeting. If clients have a way of visualizing how their daily finances elevate or detract from their life goals, they will be more motivated to live within their means.

### 2. Financial Preparedness for Emergencies

This one is less “hands-on” and more “just in case” but should be framed as one of the most critical pieces of the financial wellness pie. As we discussed in the previous section, most Americans do not have a financial safety net to catch them during emergencies. Clients should be contributing a fraction of each paycheck to an emergency fund and monitoring the balance to remain dedicated to preparedness.

### 3. Financial Goals and Aspirations for the Future

What actions do your clients need to take today to set themselves up for long-term happiness? For this leg of the stool, financial professionals should educate, advise, and help form an action plan for those macro milestones like preparing for retirement and establishing an ongoing savings regimen.



## Gamifying Financial Wellness

As financial wellness picks up steam, intelligent technology platforms will become the default intermediary between clients and financial professionals, as well as between people and financial education. Increasing accessibility of financial wellness for populations outside the wealthiest one percent requires new channels for engagement and advocacy that transcends the financial professional.

Planting the financial garden, creating intentions for the garden, nurturing and caring for it—these actions are certainly part of the big picture, but **fostering widespread financial wellness challenges us to reject societal norms and start talking about finances at work, at home, and with friends.** Employees expect their employers to be a resource for financial knowledge, but survey results we shared earlier indicate that most aren't getting what they need to feel financially secure.

One way to reduce the anxiety around money talk is gamification and simplification—in other words, centralizing financial information to a single access point while also making financial wellness fun. Financial professionals—as well as employers—can add in an element of gameplay to insurance, savings, income, and retirement funds to keep their employees committed to financial wellness. By satisfying the human desire for recognition and achievement and playing into the psychological affinity toward competition, employers can socialize financial wellness as a cyclic, ongoing process that not only increases their team's quality of life but is also fun and entertaining.



## Changing the Way We Talk About Money

Looking at the stats we've shared, it's clear that something needs to be done. Financial stress is weighing heavily on the American population—affecting mental health, physical well-being, and spiritual balance.

In the past, financial planning lived in a silo, detached from the other aspects of life and lacking personalization. By dissociating money and humanity, financial literacy became a luxury, rather than common practice, dictating the fabric of communities, perpetuating poverty, and severely widening the wealth gap.

The path to normalizing money talk begins with an open conversation around financial wellness. Once a group of individuals becomes financially well, their community and society will as well, and so on. To set the stage for a mindset shift, we must focus on two things:

**Empowering people** to make educated decisions and actions to improve their financial well-being.

**Empowering financial professionals** to deliver more plans to more people, providing support with a broad toolset to help all people achieve financial wellness.

In the case of financial wellness—and in the case of life—we reap the seeds we sow. Financial wellness not only encourages us to be more intentional in the seeds we choose to plant in our gardens, but represents a lesson in balance, dedication, and the interconnectedness of our lives to reach a peaceful state of mind.

**Learn more about providing a holistic approach to financial planning that improves financial wellness by introducing a digital financial wellness tool that can help more people and grow business.**

### SOURCES

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