

*Please note: This is a transcription so there may be slight grammatical errors.*

Speaker 1:

Hello and welcome to Revamping Retirement, a podcast brought to you by CAPTRUST, where we explore the opportunities and challenges facing today's retirement plan sponsors and fiduciaries. Our hosts, Jennifer Doss and Scott Matheson lead the employer sponsored retirement plan practice at CAPTRUST, one of the largest registered investment advisors in the US and a thought leader in the retirement plan, advisory and consulting space. We hope you enjoy revamping retirement.

Jennifer Doss:

All right, welcome back to another episode of Revamping Retirement. I'm Jennifer Doss, and today, I'm joined by Dawn McPherson as my co-host. Dawn's been on our podcast a few times now, so welcome back, Dawn.

Dawn McPherson:

Thanks so much.

Jennifer Doss:

Yeah, so Scott abandoned me. I mean, he went on vacation. So it's Dawn and me today, and we're going to try to fill his shoes. But I'm going to be honest with you, I think we might be lacking in a lot of jokes, so you're going to have to pick up some slack, Dawn.

Dawn McPherson:

Yeah, Jennifer, honestly, didn't Scott just give you trouble about abandoning him not too long ago?

Jennifer Doss:

Yeah, I'm pretty sure. Pretty sure.

Dawn McPherson:

So how are we going to fill in with his good dad joke of the podcast?

Jennifer Doss:

So, I don't have any off the top of my head, so I had to actually look them up. So ChatGPT is a lifesaver here. So how do dinosaurs pay their bills? With tyrannosaurus checks.

Dawn McPherson:

Oh goodness. Yep. I feel like Scott's here.

Jennifer Doss:

Yeah, here we go. All right. We did it. I think we should move on. All right, so today Dawn and I actually have another colleague here with us, Chris Whitlow. Thanks for joining us today, Chris.

Chris Whitlow:

Thanks for having me.

Jennifer Doss:

Yeah, so Chris, he's deciding not to join us. But Chris Whitlow is the senior director of advice and wellness here at CAPTRUST. He joined us in 2022, and he brings more than two decades of experience in the industry. He focuses for us on the strategic planning and the oversight of our financial wellness and advice practice, especially as it pertains to technology, educational content and growth initiatives. And prior to joining our firm, Chris founded and served as the CEO of Edukate, a digital financial wellness platform. So welcome again.

Chris Whitlow:

You guys always find ways to make me sound better than I actually am, so thank you very much.

Jennifer Doss:

No, you're welcome.

Chris Whitlow:

You're amazing.

Jennifer Doss:

You're welcome. You're welcome.

Dawn McPherson:

Chris, will you start us out by talking about just really broadly speaking, why you think financial wellness and advice has become such a hot topic? Why is it in such demand right now?

Chris Whitlow:

Well, I think broadly speaking, we're going to be broad, I think financial wellness is HR and benefits and all of things just packed in. It kind of is, it's encompassing it into one thing. And so employers really have these economies of scale, this leverage in their favor where they can create opportunities for employees that employees just couldn't do for themselves, right? So financial wellness is kind of also a natural progression of retirement. As we think about solving for retirement and we do all the things that we can with retirement, the natural next thing is trying to figure out how we can do it better and how we can create better outcomes for folks. And of course, our day-to-day lives don't begin and end at work. We have things outside of work we're planning for: families, homes, aging parents, things of that nature that we have to take care of.

And so, I think it's just a natural progression. And then SECURE Act 2.0 that's recent. That's something that has obviously made some changes to help with emergency plan savings and student loans. And so we're definitely tackling, I would say, financial wellness, one product or one step at a time and getting greater access to those things. And then all of these things are just leading to I think the ability for employers to really personalize the financial wellness journey for their employees. And so with all of those wrapped into one, it's really accelerated the conversation of financial wellness and then really being able to add it and augment it for the employees themselves.

Jennifer Doss:

Yeah, it's interesting. I mean, we talk a lot about the changing social contract with the employee and the employer. And it really is this realization that employees are turning more to their employers and saying, I need you to help me with all these other things, right? And it's not just investment advice anymore. It's not just retirement. There's all these other things. And it's funny because those things have always been there. It's just people are getting more help with them now, which is really good stuff. So I guess a natural question, you just talked about this for a second, but how can employers think about personalizing their financial wellness experience for their employees? And maybe specifically, I guess, how are you thinking about it?

Chris Whitlow:

Yeah. I think it starts with knowing thyself, right? Employers have to understand who they are and who they serve, the employees that work for them. And most employers have a mission of why they exist, of what they're doing, the work that they're doing. But I would really challenge them to have a mission for their employees. How do they see the outcome of their employees' lives while working at their organization? And that can even stem back to: why do you offer the benefits that you're offering? What's the rationale behind the specific types of benefits that you're offering? And then what does financial wellness look like within the context of those benefits at your organization for those employees? If you think about it, an employer for instance, and they've been in the news a lot lately like Google, which historically has been this organization that everyone's looked up to in terms of employee financial wellbeing. That organization's going to look a lot different than let's say a regional mid-size plumbing company where they're servicing... Their employees are a lot of plumbers and the types of clients that they're servicing.

And so, we can't expect that the outcomes for those employees would necessarily be the same from the employer's perspective. So I think if you're going to start personalizing financial wellness at your organization, you have to understand truly: Who are the demographics that we're serving? What does financial wellness and empowerment look like for my employees? And have I selected the right and appropriate financial benefits? And let's be honest, almost all benefits now, going back to the lever, I mean, all benefits are financial, even the healthcare, all the things that we have. I mean, there's a cost associated with these things, so they are financially inclined in some way. And so, are those things speaking to and appropriate for my employees? And if so, how do I begin to communicate, engage, enroll, and empower those employees to use those benefits to reach that mission and that level of financial wellness that you've defined?

Dawn McPherson:

I think that's great, Chris. And you're talking about the employer thinking about the outcome or what does success for their employees look like and how to engage them and their selection of their whole benefit offering. So when you're thinking about employees' outcomes or participant outcomes, how are employers thinking about the effectiveness of their wellness offering and how to measure that, the success of adding one of these programs to their benefit offering?

Chris Whitlow:

Yeah, that's a great question, Dawn. I think initially when financial wellness and these types of products were introduced, it was purely do they work or not, or are people engaging? And if they are, is it delivering an ROI? And so that was the primary focus, but I think as time has gone on and we've created more products, there's more solutions, there's more variety. We understand more about who our employees are, what the demographics are, whether or not the things we're offering even resonate with

them; we're moving away from it being a product and more toward it being a solution. And when you think about a solution, the answer is not did it just work or not? It's much more organic than that. And so we have to be much more prescriptive, almost like healthcare in terms of you think about needing awareness, I need people to acknowledge that this is an offering that we have.

I need them to start to engage with it by understanding. I need education around it. So I think when you think about whether or not they're being effective or how it's being measured, it's more about how can we improve over time to get more of these solutions in front of the right employees with the right solutions? And then how can we think about more awareness, more engagement? And if we're not seeing what we want, if we're not seeing that, hey, we're not getting the engagement we want, or we're not getting the uptick or the enrollment that we'd want, then perhaps we have to go back and revisit from a solutions perspective, what can we be doing? Who are we serving so that we can change the messaging? We can change either the offerings so that we can get people, because people want these solutions. They want to have more financial empowerment, they want more financial confidence, they want more financial wellbeing.

And so it's not a matter of, do you or don't you? We've done the surveys, people want it. It's a matter of, are we offering the right things and are we saying the right things so that they understand what it is that we're offering so that we can get them more plugged in and engaged? And if that's not happening, let's go back to the beginning and continue refining and doing a better job so that we can actually make progress. And I think when you start looking at it from that perspective, you start seeing that the outcomes can get incrementally better, and you can move toward the outcome or the mission that we talked about earlier that you really want for your employees.

Jennifer Doss:

Yeah. Well, I think what's interesting is sometimes I feel like you can have the right message for the right demographic, but maybe you're not delivering it through the right medium, right? So maybe you're trying to send a bunch of paper and people don't want to absorb, they don't want to bring in information that way. Or you're just trying to do broad webinars and you need to be more targeted. So I think there's some really interesting things too. You can think about what message you deliver, but how you deliver it as well.

Chris Whitlow:

And that works for everything. I mean, if you go back and you look at how many cell phone carriers do we have; they all offer pretty much the same thing, but their messaging, their voice and tone is different. Some of the services they offer is different for the different types of customers and demographics that they serve. Grocery stores, same thing. I mean, there's many types of grocery stores just down the street from where I live. They all serve and sell a lot of the same things, but they're just messaging it, presenting it, and doing it slightly differently. And so, it's so important to understand who your demographic is. And your demographic is not the company next door. It's not your friend's company, it's not... It's your company, your mission, your values. And if you're not getting the buy-in that you really want, then that probably has more to do with the messaging and the positioning and the offering, and less to do with the employees and whether or not they want something like that or not.

Jennifer Doss:

Right.

Dawn McPherson:

I like that, Chris. It's more... It all comes back to understanding your employees and their needs and not looking just to band-aid or provide the latest and greatest solution, but really understand what your employee base needs. And I heard you say it's not about hitting a specific metric, it's more about making small improvements over time.

Chris Whitlow:

Absolutely. And making sure, too, that you're working with the financial wellness partner that is going to work with you to accelerate your mission and goals. Going back from the industry is moving from a product to a solution. If you've been sold a financial wellness product and maybe it's not necessarily working and they're not doing anything to help accelerate your mission, your values, your goals for your employees. They're just focusing on the same product and service that they've sold you, then maybe that's not the right partner. But if you've identified that the people that you're working with are working alongside you to help accelerate that mission and values in and around and personalizing financial wellness for your employees, then you probably got a pretty good partner.

Dawn McPherson:

Yeah. That's great. We're going to take a quick break for our Minute with Mike segment, where Mike will be talking about student loans and Secure Act 2.0. Take it away, Mike.

Mike Webb:

Thanks, Jennifer and Dawn. Mike Webb here with another Minute with Mike. This month's minute we'll continue our Secure Act 2.0 series with the topic of matching student loan repayments to a retirement plan. Secure Act 2.0 gave the green light to plan sponsors to match student loan repayments beginning in 2024. This new provision [inaudible] employers who sponsor 401(k), 403(b) and governmental 457(b) plans, as well as simple IRAs to treat student loan payments as elective deferrals that can be matched in the same manner as a traditional pre-tax elective. Participants will be permitted to [inaudible] the loan repayment, which will simplify the administrative process.

And though by definition, student loan repayments are after tax, they may be treated as pre-tax elective deferrals for purposes of the [inaudible] enrollment state harbor as well as the ADP/ACP test safe harbor. In addition, if the plan is subject to ADP testing, for example, a 401(k) non-safe harbor plan, the student loan repayment group may be tested separately from the traditional elective deferral group. This part of the equation will all involve some recordkeeping complexity. So some plan sponsors may be hesitant to add this provision for a few reasons. If student loan assistance programs are already in place with the employer, or if the plan sponsors participant population does not contain a lot of employees with outstanding student loan debt. But for many plan sponsors, this will prove to be the most attractive of the optional Secure Act 2.0 provisions. For Revamping Retirement, I'm Mike Webb, and this has been your Minute with Mike. Now back to Jennifer and Dawn.

Jennifer Doss:

All right, thanks Mike. And welcome back everyone. We're still chatting with Chris Whitlow, head of CAPTRUST Financial Wellness and Advice practice. And Chris, before the break, we were chatting about how you might deliver things and how to personalize, and I think that's the main message that we want to get across, right? Working with the right partner. So let's talk about technology and its role here in financial wellness. I mean, I think a lot is said here, and like you said, it's not a product, it's a solution. So, maybe this doesn't play in as much, but how do you think technology has changed what advisors are

able to bring to participants, how they bring it, how employers can track it, all those things that we're talking about?

Chris Whitlow:

Yeah, if you asked me this question 10 years ago when I started a fintech company, it would've been, well, we need the best whizbang technology solution that's going to knock everybody's socks off and solve a lot of problems. And I think what I've learned over time is that yes, technology can enable us to be better. We can leverage technology to do more, to scale things, to be more effective, more efficient, and that is definitely true forever. I mean, when it comes to getting in front of individuals and just trying to scale something across a large group of people. So you might be an employer that's working with 100 employees, or you might be an employer that has 5,000 employees, or 50,000 employees. I mean, obviously technology is going to help to enable you to scale something across that larger population. But at the end of the day, what I've learned is that individuals want real humanistic, empathetic advice, coaching.

They want to be able to connect with somebody. And you just can't get that from technology. So, the technology that I'm seeing today is really more or less enablement software, enabling us to logistically help and facilitate and provide awareness and education to the masses. Are there tools out there that you could utilize? Absolutely. You'd mentioned ChatGPT. I mean, I think everyone's excited about how AI is going to change the world, and we could definitely have another technological revolution here with AI. And so I think we're all excited to see how that's going to work. But the reality is right now, there is no app out there that magically budgets for you. I have tried almost all, I won't say all, but almost all of the budgeting apps, you still have to budget.

You still have to do the work. Nothing magically does it for you, right? I have tried some of the online therapy, psychology type apps. You still have to do the work. No app out there magically creates mindfulness for you and helps you just become perfectly well within yourself mentally. So even the physical app, you got to do the work, you got to lift the weights, you got to do the running. So apps can help propel us forward in terms of the scaling and the leveraging and creating awareness and creating opportunity. But at the end of the day, people want to connect with the human. They want to be heard, and they want to see empathy in applications. Even AI, I don't think is going to be capable of doing that. So that's how I see technology helping us going forward. It's enabling us to connect humans to individuals in a more succinct and in a more harmonious way that's going to get more out of the short amount of time that we have and be most effective for them so that they can get the most out of it.

Jennifer Doss:

Yep.

Dawn McPherson:

Well, I'm just disappointed that there's not an app that will actually run for me, Chris. You've burst my bubble here. Okay, Chris, our last question is personal. Are you ready for this?

Chris Whitlow:

All right. Let's see.

Dawn McPherson:

What does retirement look like for you?

Chris Whitlow:

Ooh, that's a big one. Yeah, I'm on the... I'm not quite Gen X and I'm at the tail end of Gen X and at the very beginning of the millennial, so-

Jennifer Doss:

We're not judging you. So thinking about what does this really mean to me.

Dawn McPherson:

We're not saying you're going into retirement next week, just when it happens.

Jennifer Doss:

Yeah.

Chris Whitlow:

Dawn, I'm trying to conceptualize it, be authentic. I don't know that I will ever stop pursuing work, but I think retirement for me is the ability for me to not have to worry about my financial life in the future. And I can spend time with the ones I love: my children, my spouse, my family, and watch life happen and not feel the financial pressure of what the future means when I finally get to that point. But work for me, I don't know if there's a time when I just quit working, I think my brain just does not stop. It doesn't shut off. And so I'll hopefully be thinking about things and working on ways of improving lives and thinking about financial wellness for an awfully long time.

Jennifer Doss:

Yeah, and that's good. I mean, we've heard a lot of people say it's about doing things on your own terms, right? You might still be doing the exact same job, but knowing that you have that security or maybe you can scale back a little bit. I mean, that could be a very simple definition of retirement. But we get all kinds of answers, so it's always fun. So appreciate you answering that one. All right, well, that's it for our show today. We don't have any more questions for you, Chris. We're not going to grill you anymore, and Scott's not here to make fun of you, so we're going to call it a day. Thanks, everyone, for tuning into Revamping Retirement. Please don't forget to like and subscribe wherever you get your favorite podcast, and we will see you next time.

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