



Why Employees Should Think Like Business Owners: Maximizing Business Value Through Employee Engagement and Financial Wellness

Thursday, January 28, 2021
3 p.m. ET



A Famous Man Once Said...



Early to bed and early to rise makes a
healthy, wealthy, and wise.

person

(Benjamin Franklin)

Success Demands More Than Adequate Sleep

Mindsets and practices of excellent CEOs

Successful business owners focus on beating the odds.

CORPORATE STRATEGY

Challenged

Let a thousand flowers bloom

Able

Minimize uncertainty

Excellent

Focus on beating the odds

	Challenged	Able	Excellent
Vision	<ul style="list-style-type: none"> Assert a generic statement of intent 	<ul style="list-style-type: none"> Strive for industry leadership on defined metrics 	<ul style="list-style-type: none"> Uniquely and ambitiously reframe what it means to win
Strategy	<ul style="list-style-type: none"> Make many small bets with unclear paths to scale 	<ul style="list-style-type: none"> Make 1–2 bold moves and other moves on a “best efforts” basis 	<ul style="list-style-type: none"> Make multiple bold moves early and methodically
Resource allocation	<ul style="list-style-type: none"> Largely maintain the status quo 	<ul style="list-style-type: none"> Reallocate resources during annual budgeting 	<ul style="list-style-type: none"> Reallocate frequently to focus resources on priorities

What are the odds your employees face?

Financial Stressors Can Have a Large Impact on Employees

EMPLOYEE FINANCIAL STRESSORS



30% think managing finances is a burden⁵



74% failed a retirement literacy test⁴



Less than 1/2 believe their employer cares about their financial well-being²



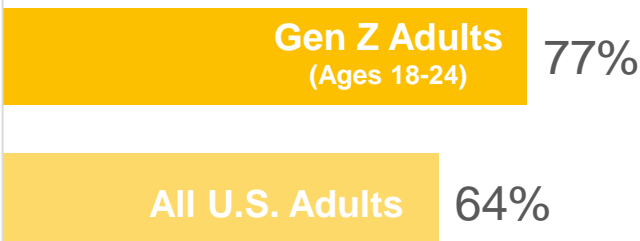
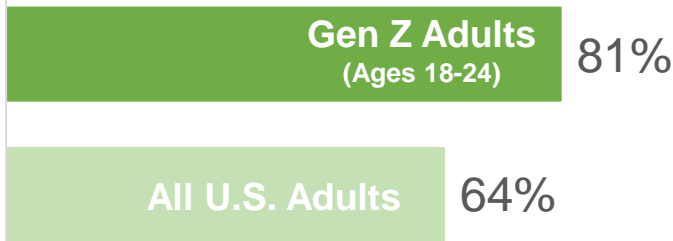
34% believe financial concerns negatively impact their life, up from 21% 2 years ago¹



Each employee loses **\$1,230** annually due to lack of knowledge about personal finance³

GENERATIONAL CONCERN¹

Rising generations are increasingly worried about **Money** and **Work**



Sources: 1. Stress in America Generation Z, PwC, 2018; 2. Employee Financial Wellness Survey, PwC, 2018; 3. Cost of Financial Illiteracy in 2018 Study, The National Financial Educators Council, 2019; 4. 2017 RICP® Retirement Income Literacy Report, The American College of Financial Services, 2017; 5. 2018 Expectations & Experiences: Household Finances Study, Fiserv, 2018

When contemplating business investments, business owners are methodical and focus resources on priorities.



- *Utilize data-driven research and analysis:*
 - *Future cash-flows*
 - *Capital sources & their costs*
 - *ROI*
- *Respect the risk/reward balance*
- *Seek advice from experts*

Engagement and financial wellness are prerequisites for business success. The same is true for your employees.

Helping Employees Beat The Odds

The path to healthier, wealthier and wiser.

WISER

Meet Sara:



- *22 years old*
- *Recent college graduate*
- *Job: Marketing analyst*
- *Annual Salary: \$40,000*
- *Has never seen “Jerry Maguire” so your “Show me the money!” references will always fall flat*

- Sara needs a car. She has budgeted \$400/month for a car payment.
- After market research, she found her 'best' finance terms: 3% over 5 years

Common Approach



VW 2020 Passat
\$22,000

Car value in 5 years:
\$10,500

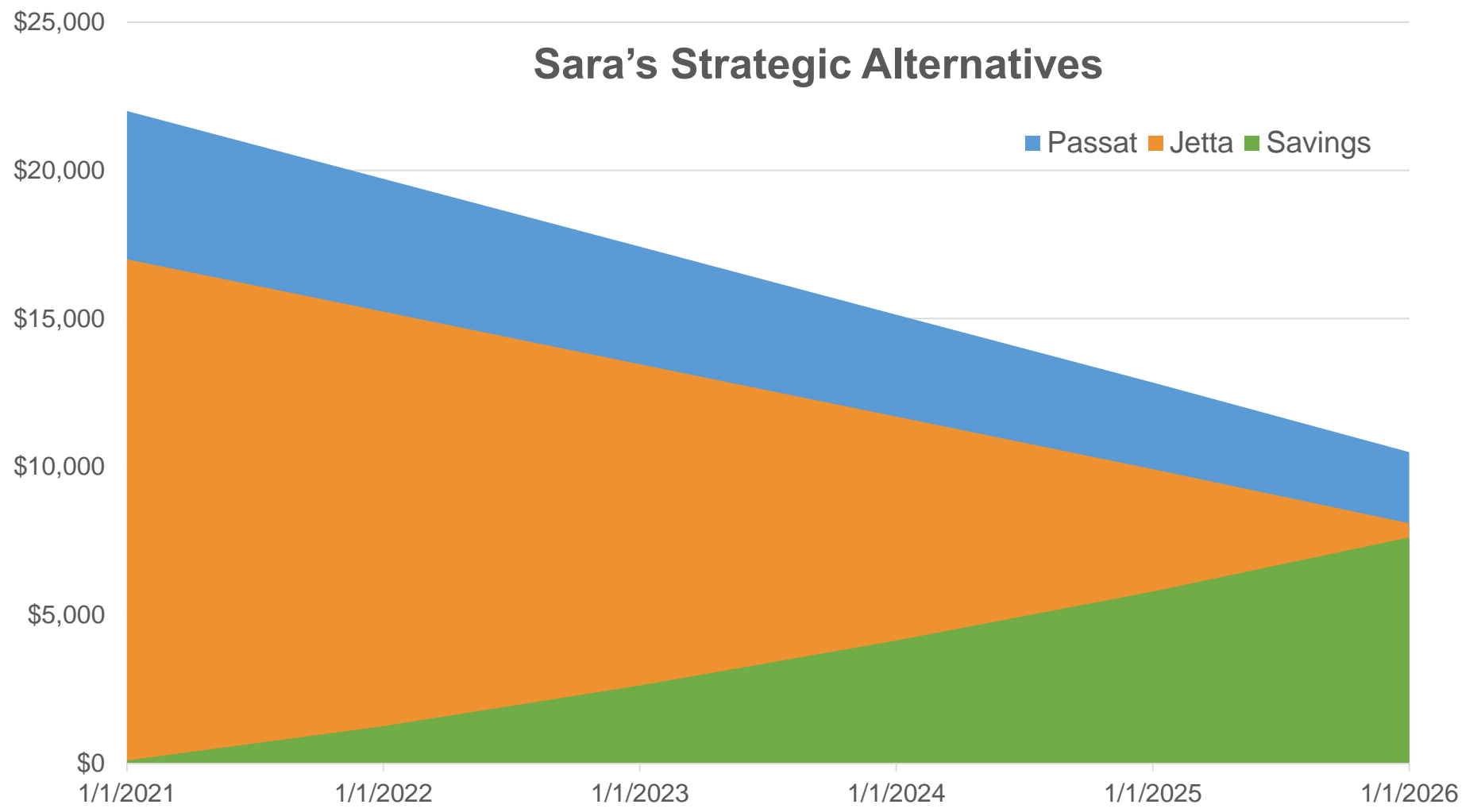
Beating the Odds



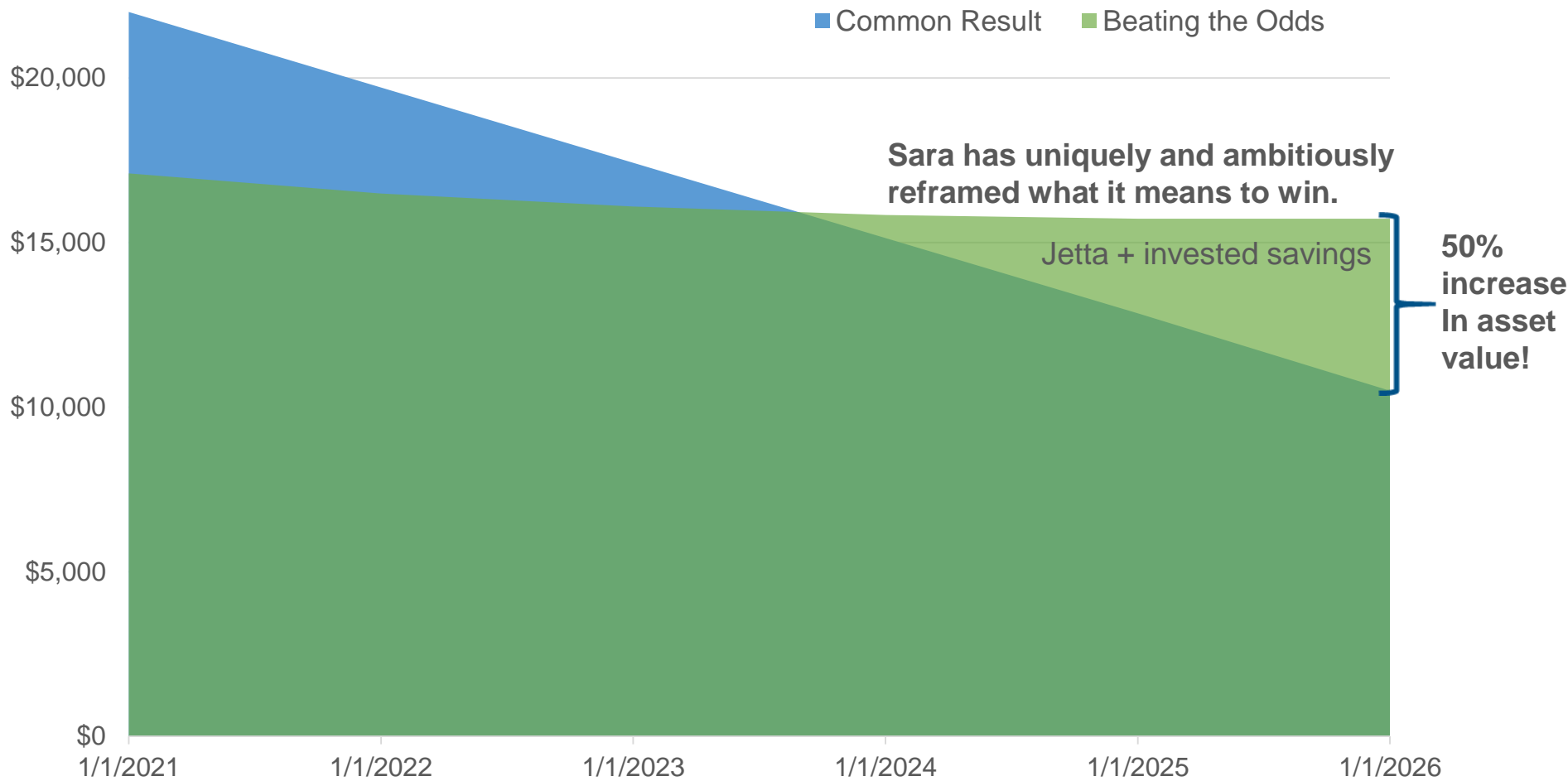
VW 2020 Jetta
\$17,000 (\$300/mo)
Invests \$100/mo (S&P index)

In 5 years, car value:
\$8,100
Investment account value:
\$7,600
Total: **\$15,700**

Sara's Strategic Alternatives



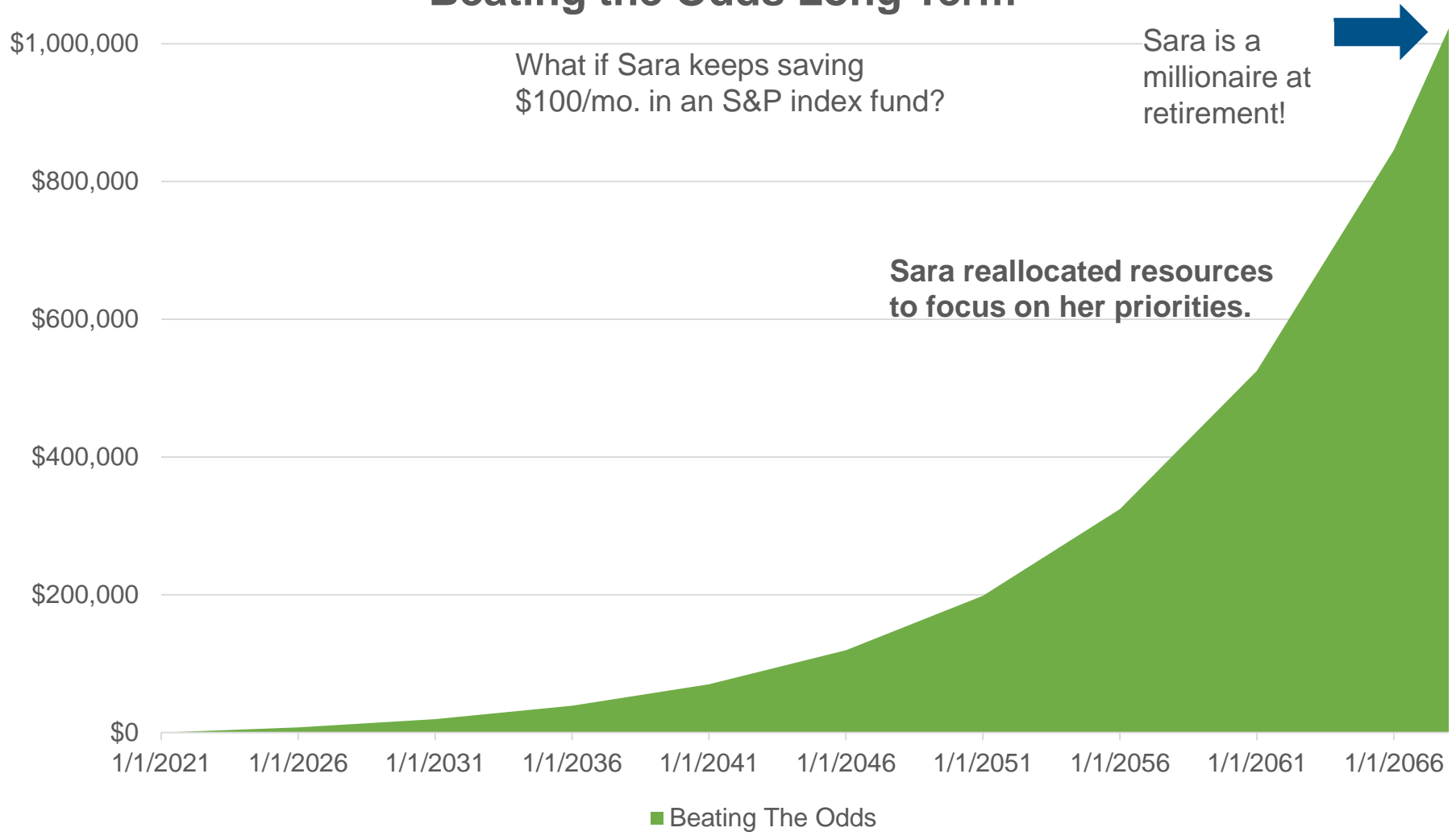
Sara's Strategic Alternatives



The Lifelong Path to Wiser

Why compound interest is the 8th Wonder of the World

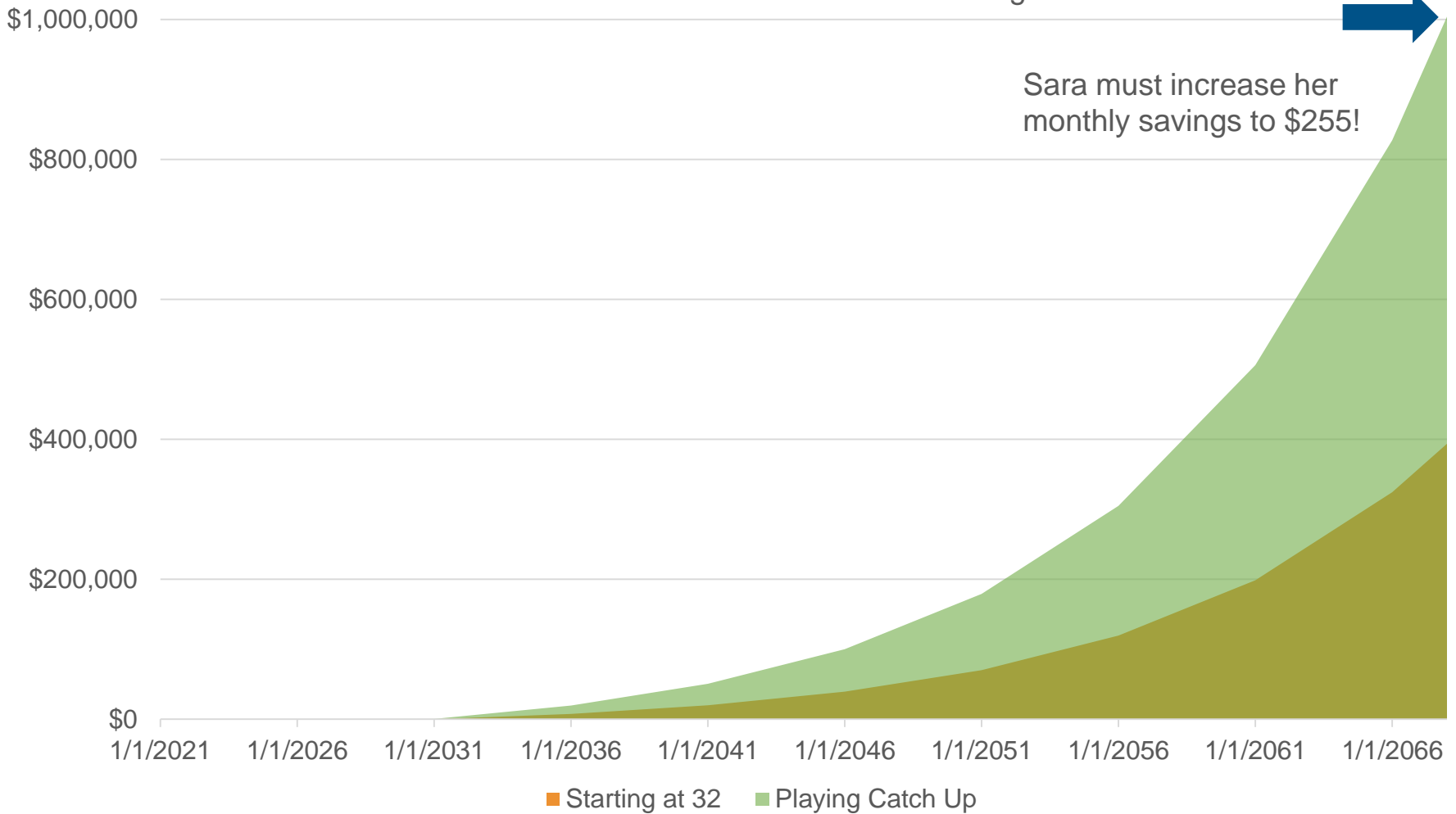
Beating the Odds Long Term



Based upon average annual return of the S&P over the last 90 years (9.8%)

Bold Moves Early and Methodically

What if Sara waits a decade to start saving?



Helping Employees Beat The Odds

The path to healthier, wealthier and wiser.



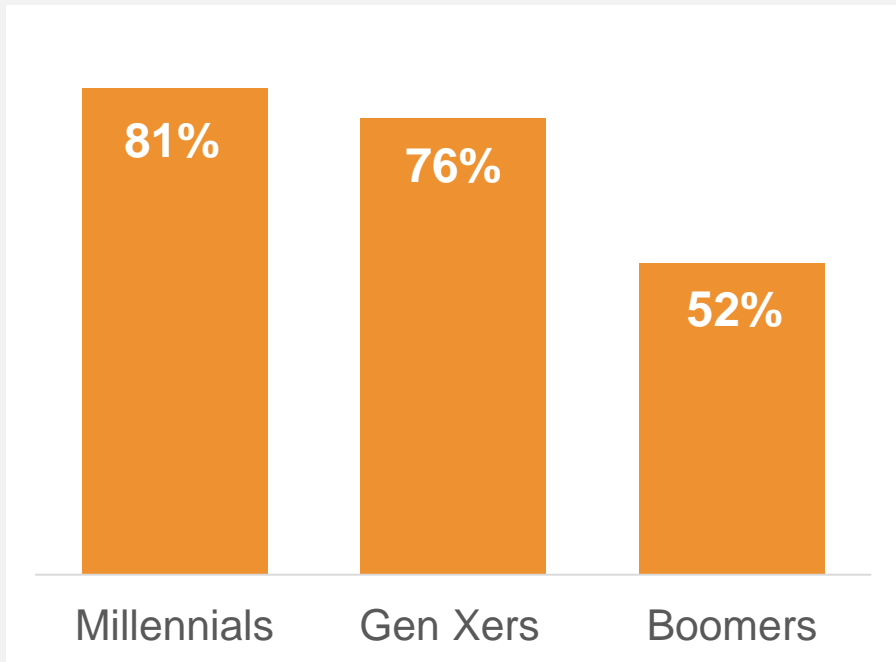
WEALTHIER

The Path to Wealthier

Business owners are uniquely positioned to affect employee outcomes

WHAT EMPLOYEES VALUE IN A COMPANY

Millennials and Gen Xers are more likely to be attracted to a company that cares about their financial wellness



56%

Baby Boomers who have less than \$100,000 saved for retirement

39%

Baby Boomers are concerned they will not have enough money in retirement

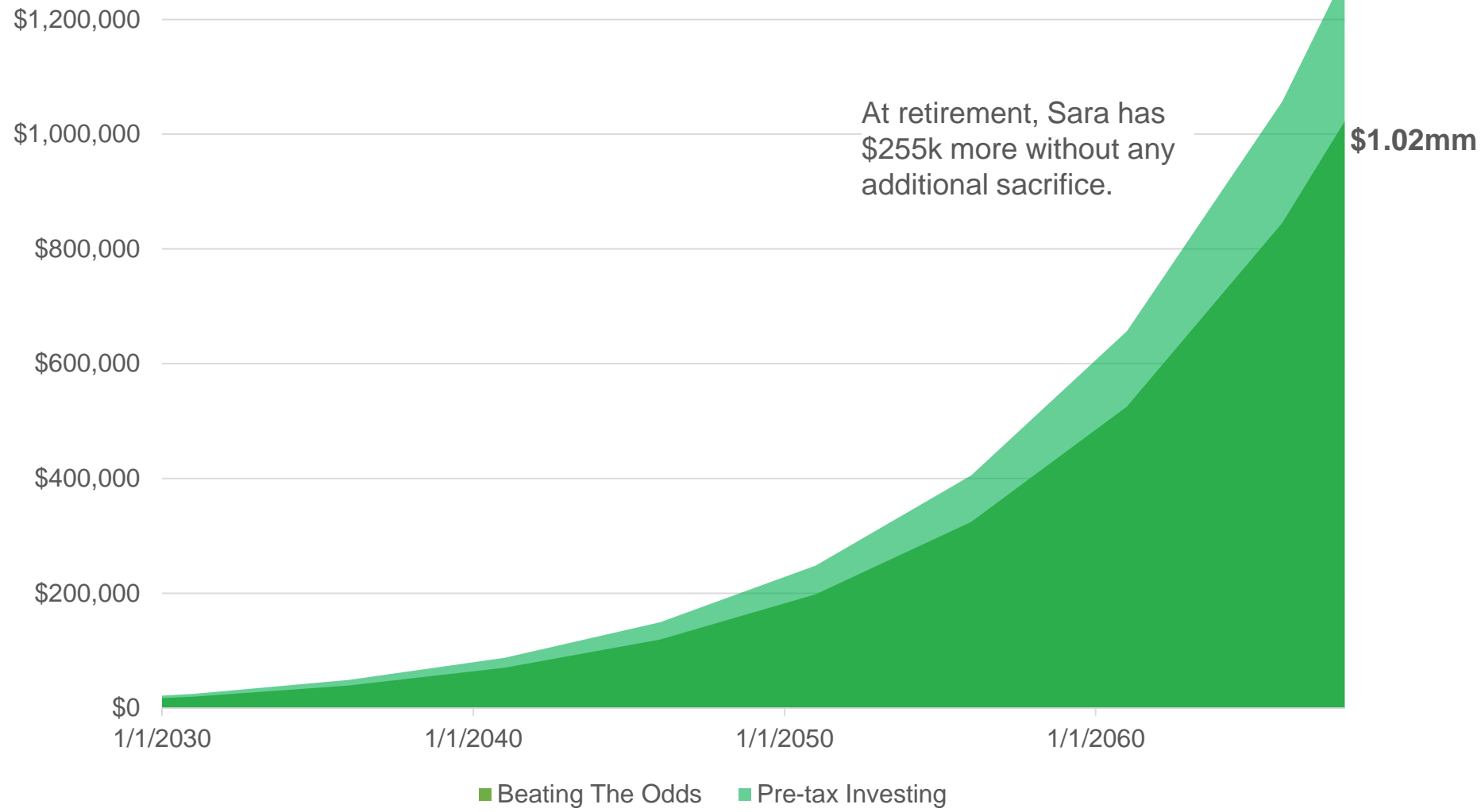
32%

Workers are not saving for retirement at all

The Path to Wealthier

Business owners are uniquely positioned to affect employee outcomes

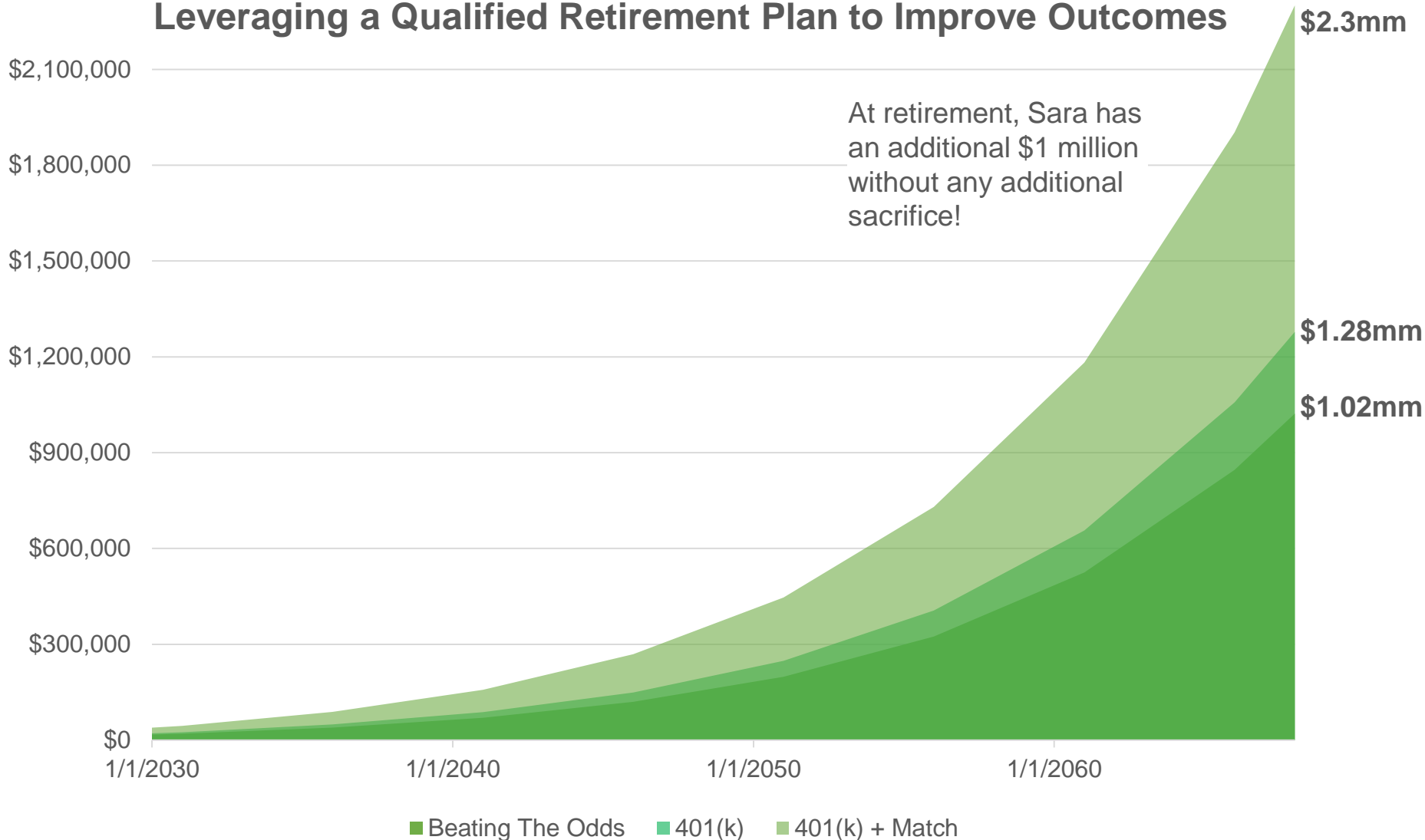
Leveraging a Qualified Retirement Plan to Improve Outcomes



The Path to Wealthier

Business owners are uniquely positioned to affect employee outcomes

Leveraging a Qualified Retirement Plan to Improve Outcomes



Assumes a 3% employer match

Helping Employees Beat The Odds

The path to healthier, wealthier and wiser.

HEALTHIER

Financial wellbeing has profound effects on mental and physical health.

~60%

Say money causes the most stress in their life ... more than their personal relationships or job²

40%

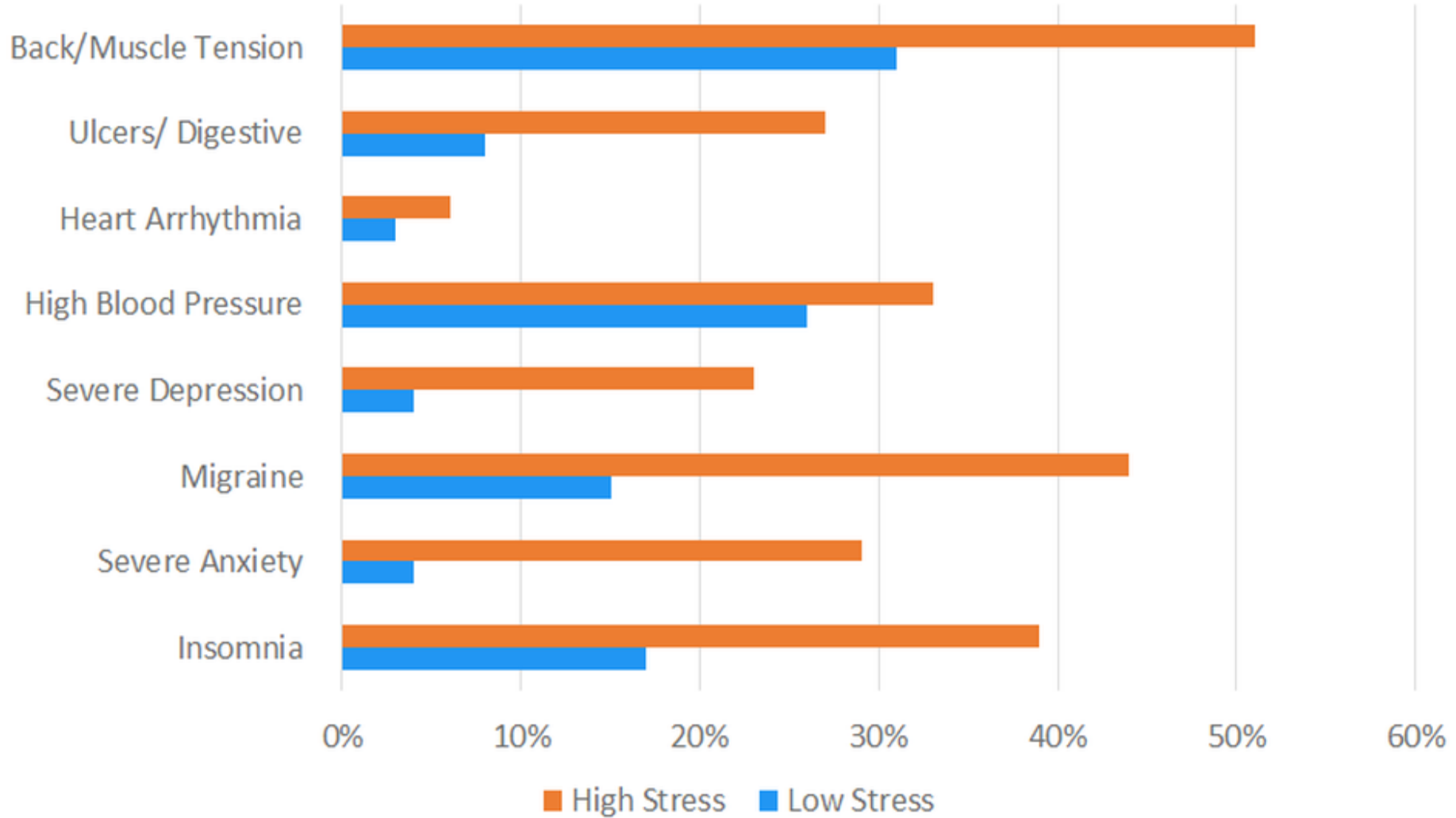
Say their health has been affected by financial worries²



1) Links Among Financial, Physical And Mental Health, Forbes, 2018
2) Employee Financial Wellness Survey, 2019, PWC

The Path to Healthier

Effects of "Debt Stress"



Source: Links Among Financial, Physical And Mental Health, Forbes, 2018

Mental and physical health has profound effects on financial wellbeing.



- *Americans will need, on average, \$400,000 to cover healthcare expenses over the course of a lifetime.¹*
- *Medical bills are reported to be the #1 cause of U.S. bankruptcies, attributing to over 60% of all U.S. personal bankruptcies.²*
- *31% of all hardship withdrawals from 401(k) are due to medical expenses.³*

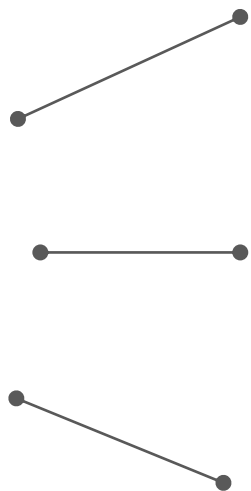
The Path to Healthier

Business owners are uniquely positioned to affect employee outcomes

Provide access to the best tax-advantaged savings account available.



Health
SAVINGS
Account



Save for tomorrow

Build your health care safety net with tax-free money.



Spend for healthcare

Pay for a broad range of qualified medical expenses.



Invest for the future

Invest in your HSA and save for what's next.

The Path to Healthier

Business owners are uniquely positioned to affect employee outcomes

Provide access to the best tax-advantaged savings account available.

		Money In	Gains	Money Out
Retirement	Traditional IRA	Not Taxed	Not Taxed	Taxed
	Roth IRA	Taxed	Not Taxed	Not Taxed
	401(k)	Not Taxed	Not Taxed	Taxed
Health / Retirement	Health Savings Account (HSA)	Not Taxed*	Not Taxed**	Not Taxed***

The Path to Healthier

Business owners are uniquely positioned to affect employee outcomes

Provide access to the best tax-advantaged savings account available.

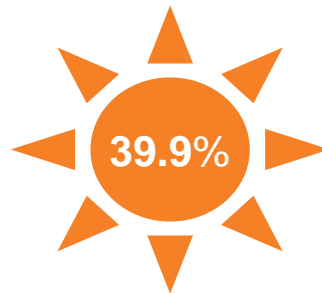
If Sara contributes **\$3,000** to her HSA this year, she saves:

\$750 Federal Tax @ 25%

\$217 State Tax @ 7.25%

\$230 FICA Tax @ 7.65%

\$1,197 Total Tax Savings



Helping Employees Beat the Odds

In conclusion

Business owners are uniquely positioned to affect employee outcomes.

WISER



Provide employees access to the financial education they need to:

- Uniquely and ambitiously reframe what it means to win.
- Make bold moves early and methodically.
- Reallocate resources to focus on priorities.

WEALTHIER



Provide employees access to a qualified retirement savings plan.

Match employee savings to incentivize participation and **significantly enhance** the results.

Utilize auto-enrollment to remove friction from the best choices.

HEALTHIER



Provide employees access to a Healthcare Savings Account:

- Save for tomorrow – build a healthcare safety net
- Spend for healthcare – save ~40% on a broad range of qualified expenses
- Invest for tomorrow – with triple tax deferred savings

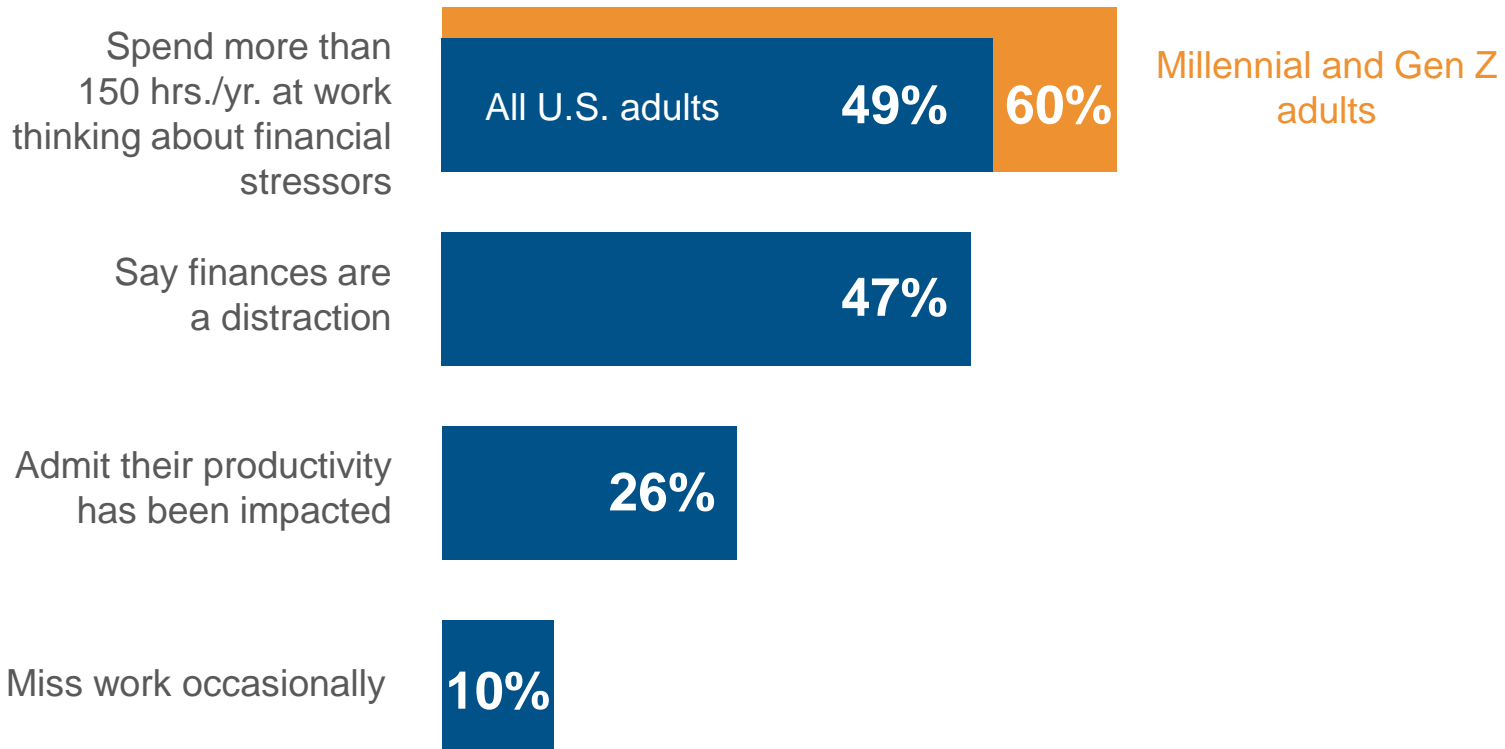
The Impact of Financial Stress

The Impact of Employee Financial Stress

\$500bn COST TO AMERICAN BUSINESSES OF FINANCIALLY STRESSED EMPLOYEES

The problem is getting worse: **34%** of workers believe their financial concerns negatively impact their life, up from **21%** 2 years ago.¹

FINANCIAL CONCERNS FOLLOW EMPLOYEES TO WORK²







Source: 1. *The Employer's Guide to Financial Wellness — 2019*, Salary Finance, 2019

Source: 2. *Employee Financial Stress*, PwC, 2019

The Impact of Employee Financial Stress

Financial Wellness Is a Growing Need

HELPING EMPLOYEES & THE BOTTOM LINE

Organization Employee Count 	Employees Spending 3+ Hours/Week on Finances at Work 	Est. Annual Hours of Lost Productivity 	Est. Annual Cost of Lost Productivity 
100	49	~7,000	~\$100,000
250	123	~17,000	~\$260,000
500	245	~33,000	~\$520,000
1,000	490	~69,000	~\$1,100,000
2,500	1,225	~172,000	~\$2,600,000
5,000	2,450	~344,000	~\$5,200,000
10,000	4,900	~688,000	~\$10,400,000

Source: Employee Financial Wellness Survey, PwC, 2019

Source: Pew Research taken from Bureau of Labor, 2017

Note: Calculation used for estimate: 49% of employees X 3 hours/week on finances at work X 48.6 average weeks worked annually X \$15.12 average skilled labor hourly wage

PNC's Approach to Financial Wellness

PNC Organizational Financial Wellness

A Customized Financial Wellness Program



BUILD YOUR CUSTOMIZED FINANCIAL WELLNESS PROGRAM, COMBINING INNOVATIVE SERVICE AND SOLUTIONS

PNC collaborates with the human resources decision-maker or dedicated benefits manager to design a custom program for your organization, built with an understanding of your employees' financial wellness needs. This helps you to deliver the solutions your employees desire and helps them gain financial confidence and security.

PNC WORKPLACE BANKING®

This unique bank-at-work program comes with no cost or administrative burden and offers onsite and virtual financial services from a dedicated team. Our suite of offerings includes financial wellness workshops, direct deposit sign-up and informational events. It brings cash rewards on certain products and services for employees. It also features PNC Virtual Wallet®, with built-in digital money management tools.



PNC FINANCIAL WELLNESS ACHIEVEMENT CENTERSM

With this fully customized digital tool for financial learning and development, employees create a profile and can assess their wellness, review topic recommendations, complete curriculums and earn points for tracking progress. PNC provides engagement insights, data and reporting for the company administrator to assist with employee priorities and education.

CONSUMER-DIRECTED HEALTHCARE

The PNC BeneFit Plus Health Savings Account (HSA) solution can provide an easy-to-use digital experience to help empower employees to make informed decisions. The HSA experience can help employees to pay medical bills and contribute to and understand how to grow their accounts.

RETIREMENT PLAN SERVICES

PNC Bank can serve as either a 3(21) Investment Advisor or 3(38) Investment Manager. Our dedicated Retirement Plan Advisor will help with everything from investment selection to policy assistance. Our Employee Education Consultants will work with you to create an annual education campaign with surveys, online tools, live and virtual meetings, webinars and more.

PNC Approach to Financial Wellness

A Solution for Employer and Employees

A dedicated PNC Financial Wellness Consultant collaborates with your HR team on a customized program.

Financial Wellness Consultant

+

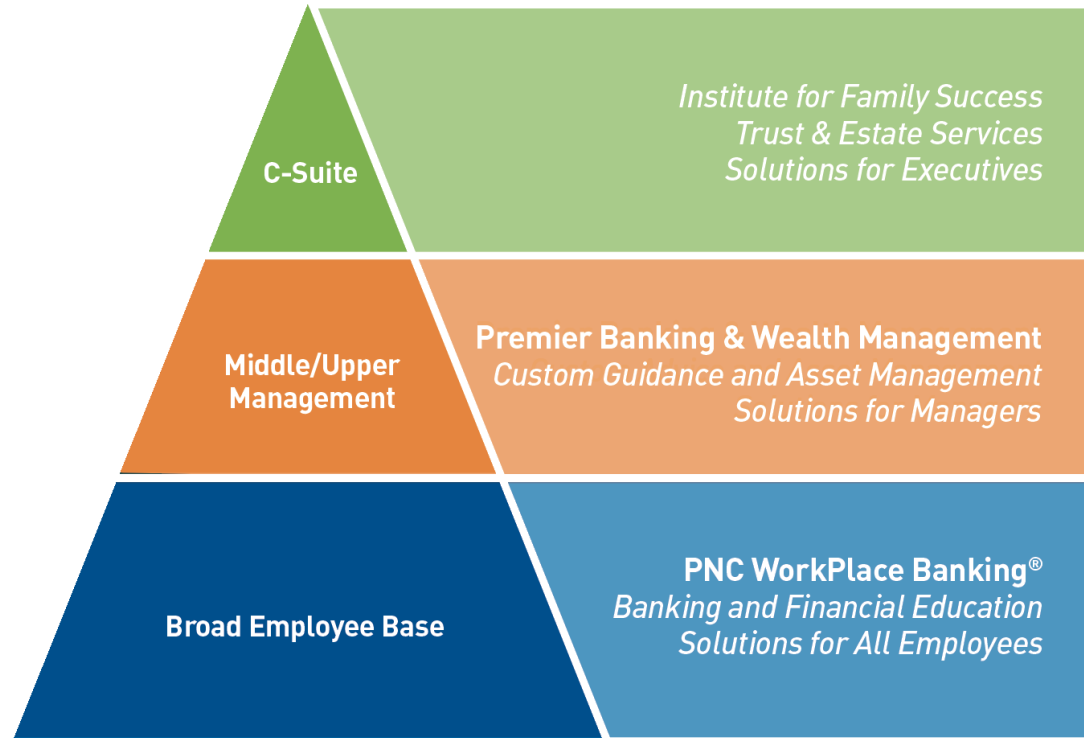
Human Resources

=

Financial Wellness Expertise

Company Knowledge

Employee Needs



Have 1099 contractors? No problem, PNC has a solution for them too.

Next Steps



Next Steps

- Explore your employee financial wellness needs with your PNC Organizational Financial Wellness representative.
- Select the solutions from the PNC Organizational Financial Wellness program that align with the needs of your workforce.
- Work with your PNC Organizational Financial Wellness representative to implement and encourage engagement.

Many of the Organizational Financial Wellness solutions are offered at no cost or administrative burden and can be customized to the needs of your organization. Your dedicated Organizational Financial Wellness Consultant can help you to achieve your goals.

Kaley Keeley
Regional Sales Director

Kaley.keeley@pnc.com
312-338-5259

Questions?

1 To be awarded \$100 cash, you must be a PNC WorkPlace Banking participant and make a qualified referral. A referral is qualified if the individual you referred (the "Referee"): 1) is qualified for the PNC WorkPlace Banking program; 2) does not have signing authority on an existing PNC Bank consumer checking account, did not close an account within the past 90 days, and was not paid a promotional premium within the past 12 months; 3) presents the Coupon ID or referral form upon account opening; 4) opens an eligible PNC WorkPlace Banking checking account; and 5) satisfies the specific requirements to earn the monetary reward applicable to their eligible PNC WorkPlace Banking checking account available at the time they open the account. To qualify for the PNC WorkPlace Banking program's new customer offer, the Referee must be employed by a company that participates in the PNC WorkPlace Banking program.

\$100 cash will be awarded to your account within 60 to 90 days after the monetary reward is issued to the coworker.

The \$100 cash award is limited to ten referral payments per year — up to \$1,000 per 12-month period. This offer may be extended, modified or withdrawn at any time without prior notice and may vary by market. The value of the reward may be reported on Internal Revenue Service (IRS) Form 1099, and may be considered taxable income to you. Please consult your tax advisor regarding your specific situation.

2 To qualify for the \$300 mortgage account reward, at the time of mortgage application the PNC WorkPlace Banking customer must have an eligible PNC WorkPlace Banking Virtual Wallet with Performance Select, Virtual Wallet with Performance Spend, Virtual Wallet Checking Pro, Performance Select Checking account or Performance Checking account, and must establish a qualifying, automatic mortgage payment that must occur within 180 days following the mortgage application. A qualifying, automatic mortgage payment is defined as a recurring PNC Mortgage loan payment electronically deducted from an eligible PNC WorkPlace Banking account. This includes recurring payments set up via Online Bill Pay. Mortgage payments initiated from a PNC Checking account via online transfers do not qualify as automatic payments.

PNC WorkPlace Banking checking account must remain open in order for you to receive the \$300 reward, which will be credited to the eligible checking account within 90 days after conditions have been met and will be identified as "CREDITS WORKPLACE MORTG" on your monthly checking account statement. \$300 reward may be subject to tax reporting.

Limit one mortgage premium per PNC WorkPlace Banking checking account. If multiple mortgage accounts are opened with the same signer (or signers), only one account will be eligible for the cash offer. For this offer, signing authority will be defined by the customer name(s) and Social Security number(s) registered on the account.

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3 To qualify for the \$100 bonus, when applying for a new credit card, the PNC WorkPlace Banking customer must have an eligible PNC WorkPlace Banking Virtual Wallet with Performance Select, Virtual Wallet with Performance Spend, Virtual Wallet Checking Pro, Performance Select Checking account or Performance Checking account, open a new PNC Core, PNC points or PNC Cash Rewards credit card and make at least \$1,000 in purchases within the first 90 days following credit card account opening.

The \$100 will be in the form of a credit to the eligible checking account provided within 90 days following the purchase that enabled you to meet the \$1,000 minimum requirement. The \$100 credit will be identified as "CREDITS WORKPLACE CRCARD" on your monthly checking account statement. Your WorkPlace Banking checking account must remain open in order for you to receive the \$100 credit. The \$100 credit may be subject to tax reporting. Limit one \$100 credit per PNC WorkPlace Banking qualifying checking customer. If multiple credit cards are opened with the same primary borrower, only one credit card account will be eligible for the \$100 offer. As used in this offer, the term "purchases" has the same meaning as "qualifying purchase" in the PNC points Program reward terms and conditions, as "purchase" in the PNC Cash Rewards Program reward terms and conditions, or as "purchase" under the account terms for PNC Core. That means that, in general, as used in this offer, "purchases" does not mean all transactions you may make with your credit card account. Some limited transactions, such as cash advance transactions (including the purchase of cash equivalent products) and balance transfers are excluded. Also, fees and interest, even if included in the purchase balance on your account, never earn rewards and are not treated as purchases for purposes of qualifying for the bonus offer.

For details about excluded transactions, please see the complete reward program terms and conditions available on pnc.com/creditcards.

Obtaining a PNC Bank credit card account is subject to credit approval. PNC Bank, National Association, is the creditor and issuer of the credit cards referenced in this offer. For details on reward programs, please refer to the applicable reward terms and conditions, which are available at pnc.com/creditcards. This offer may be modified or discontinued at any time and without notice. Must apply for the credit card at the branch or through a PNC WorkPlace Banker.

PNC Bank, National Association, is the issuer of the PNC Bank credit cards described herein. Bank deposit products and services provided by PNC Bank, National Association, **Member FDIC**.

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