Jellyvision Knows Financial Wellness

By Kerry Pechter *Wed, Jan 3, 2018*

In this first of a two-part series on financial wellness, RIJ talks with the customer insight chief of a leading vendor in the field. 'We ask, 'Where is the pain that's costing employers money, and how do we help solve the problem?'' said Helen Calvin.

Can a dash of *oregano* help solve a plan participant's personal financial problems? It can't, at least not directly. But the mention of oregano, the Millennials at The Jellyvision Lab, Inc., have found, can spice up discussions of "snooze-inducing life decisions" about healthcare and retirement enough to enhance participants' financial wellness.

As Jellyvision's website puts it, the firm's recipe is "behavioral science, purposeful humor, mighty tech, and oregano" plus the voice of an interactive digital assistant named "ALEX" who cheerfully guides participants through the benefits maze.

Founded by digital game entrepreneur Harry Gottlieb, **Jellyvision** is now the "go-to" vendor for web-based benefits education at dozens of Fortune 500 companies, according to Andrew Way of Corporate Insight. Supporting financial wellness programs is a growing part of Jellyvision's business.

"We operate at the confluence where employee pain results in employer dollars," said Helen Calvin (right), Jellyvision's senior vice president of Customer Insights, in an interview with RIJ this week. "We ask, 'Where is the pain that's costing employers money, and how do we guilelessly and empirically help employees solve the problem?'"

Mantra du jour

"Financial wellness" is a catchall phrase that's been gradually crowding out "retirement readiness" as the mantra du jour of corporate human resource departments. The phrase refers to educational programs that help employees with whatever ails them financially, from personal debt to health care costs to retirement savings shortfalls.

From an HR perspective, Boomers are a shrinking segment of the workforce and their financial problems can be seen as too-late-to-fix. So many HR teams have begun directing their attention to the needs of midcareer and Millennial employees, for whom emergency expenses, first mortgages and college funds may be more urgent than 401(k) accounts.

Financial wellness programs cost money, however. So the challenge for HR professionals has been to convince senior management that the programs pay for themselves. In theory, the payoff will come in at least two ways: higher productivity from employees who are less distracted at work by anxiety over personal finances and, in the long run, greater retirement readiness, so that older employees can afford to retire and won't linger at the workplace, hanging on to high-paying positions and blocking the advancement of younger people.

It's ironic: Private-sector pensions were first created to enforce mandatory retirements. When life expectancies were shorter, the replacement of high-wage older workers with lower-paid younger workers would finance the pensions. In recent decades, companies shifted longevity risk to employees by switching to defined contribution retirement plans, but now employees can't afford to retire. As a result, the old "workforce management" issue has boomeranged back.

A 2017 white paper from Prudential, citing PricewaterhouseCoopers data, said that a one-year average delay in retirement could raise workforce costs by 1.2%, a two-year delay by 2.2% and a three-year delay by 3.0%. The cost of paid vacation leave in particular would go up by 3.6%.

Similarly, a November 2016 article in *HR Professionals Magazine*, quoting a 2012 AARP survey, said, "70% of Baby Boomers believe they will be forced to delay retirement… The average annual health and disability insurance for an employee in their 20s is $3,100. That cost grows to $11,300 for employees over the age of 60. The salary differential between the two age groups is slightly more than $12,000 per year [based on US Bureau of Labor Statistics data]."

The jury is out, however, on whether financial wellness programs will help retirement readiness or hurt it. As employees relieve short-term financial pressures by deferring more of their pay to emergency funds and health care savings accounts, two opposite effects are possible: A drop in leakage and hardship withdrawals from 401(k) accounts, leading to higher retirement readiness, or a drop in 401(k) contributions, leading to lower retirement readiness.

"The challenge for employers is whether they can provide flexibility and choice that better meet short term financial needs, without reducing financial security in the long-term," said a Willis Towers Watson study presented at the Pension Research Council's annual meeting in Philadelphia last spring.

Six marriage proposals

Where challenges exist, so do opportunities. For retirement plan providers, financial wellness offerings are now a must-have. At first, providers saw the programs as an advantage in competing for plan sponsor business; now they see it as a competitive necessity. Firms are either developing financial wellness capabilities internally or sub-contracting to specialists like Jellyvision—for whom the trend is a major source of growth.

In the past, attempts to teach employees to use money more wisely have tended to disappoint. “It seems undeniable that more financial education is needed… Yet it is also hard to design and implement financial education programs that really work,” said the Willis Towers Watson study. “One of the lessons of the last 20 years is that the engaged consumer model has not worked in employee benefits.”

Engagement is Jellyvision’s specialty, and that’s one reason for its success in this niche. “Employers starting coming to us three or four years ago and said this is the greatest plague we face,” Calvin told RIJ. “They asked, what are the quickest ways we can put our employees in a better financial position?” Pay increases might seem like the obvious answer, but companies are trying to do more with less.

“Certainly you will have employees who, despite their best efforts, are not getting paid what they need to sustain a normal life,” Calvin observed. “But we see people with significant incomes in poor financial positions. We see a lot of people not spending wisely. If you put more money in a leaky funnel, it won’t necessarily improve the situation.”

Building on its gaming experience, Jellyvision claims to be able to “break through the screen” and push the buttons that stimulate engagement. Its benefits business began to take off in 2009 when it started ALEX, “proprietary software that mimics the kind of conversation you’d have with a true expert—one with a sense of humor,” Calvin said.

“Based on your answers, ALEX caters the rest of experience. It helps you do the math. It can pull in data feeds and APIs. It’s not a chatbot. The software is called TalkShow. Think of it like a complex flowchart, operating off data that comes in through feeds and the Q-and-A, while mimicking conversation.

“We have an average engagement of between seven and nine minutes, which is high,” she added. “ALEX saves employers money but is also seen as a value-add by the employees. It gets extremely high satisfaction scores from employees and, so far, six marriage proposals. One of ALEX’s voices is a man’s, and several women have asked us if he’s single.”