
Morningstar buys HelloWallet, bolsters participant advice business

By Editorial Staff Thu, Jun 5, 2014

HelloWallet allows plan participants to create dashboards on their computers or smartphones where they can monitor all of their financial information in one place.

Morningstar, Inc. has agreed to buy HelloWallet Holdings, Inc., the five-year-old, 50-employee provider of online financial advice to retirement plans and their participants, for \$52.5 million. Morningstar had a \$15.3 million minority stake in HelloWallet and will pay the balance of \$39.0 million shortly, the Chicago-based financial services company said in a May 29 release.

HelloWallet allows retirement plan participants to create dashboards on their computers or smartphones where they can monitor all of their financial information—retirement accounts, checking accounts, credit card accounts, health care savings accounts, etc.—in one place. Then it provides tools for creating budgets, investing for retirement or achieving specific financial goals. Members give HelloWallet read-only access to their accounts.

HelloWallet was founded in 2009 by Matt Fellowes, a 39-year-old consumer finance expert with a Ph.D. in political science from the University of North Carolina. He will remain a leader of the company. Over the past five years, the SaaS (“Software as a Service”) startup has established a number of clients among retirement plan sponsors, including Marsh and McLennan, United Technologies and Salesforce.com.

Their participants can use the HelloWallet software to manage their personal finances; HelloWallet claims to help companies prevent 401(k) leakage, drive higher participation in health savings accounts and flexible spending accounts, and reduce taxes.

Even before the acquisition, Morningstar was the largest provider of managed retirement accounts in terms of participants served, with almost one million individuals enrolled.

Behavioral economics plays a big role in HelloWallet’s software design. It “combines behavioral economics and the psychology of decision-making with sophisticated technology to provide personalized, unbiased financial guidance to more than 1 million U.S. workers and their families through their employer benefit plans,” the release said.

“Holistic advice is becoming a ‘must have’ capability, as employers increasingly look for integrated solutions across their retirement and healthcare programs. Today’s routine financial choices are directly linked to tomorrow’s long-term retirement, health, and savings decisions,” Fellowes, founder and CEO of HelloWallet, said in the release.

According to the release:

“Through HelloWallet’s website and mobile applications, employees input their goals and priorities and add their financial information, including income, bank accounts, credit cards, retirement plans, insurance, and investments. HelloWallet creates budgets and analyzes trends in financial behavior to recommend how

members can prioritize financial decisions, identify ways to stretch their paychecks, and make the most of their benefits, such as 401(k) plans, health savings accounts, flexible spending accounts, and insurance. “HelloWallet also automatically alerts members when they need to make changes.

“The majority of participants who use HelloWallet make quantifiable changes in how much they save, use available benefits, and pay off debt. During the last 12 months, the median HelloWallet member increased savings deferrals by 38%. HelloWallet has also found that its members pay off debt two times faster after receiving the company’s proprietary, personalized financial guidance.”

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