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# Opinion

# Longer lifespans require financial wellness

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**By Lorna Sabbia**

As many as half of 5-year-olds in the United States can now expect to live to 100, a population that is projected to swell in the decades ahead. Longer lifespans don't guarantee a financially secure later life, however. If anything, in the absence of significant planning, extreme longevity may make financial security harder to attain.

In an effort to change that, a growing number of financial advisory and service providers are turning to a new, more holistic mode of thinking about personal economics. The trend is centered on one key concept: financial wellness.

The main idea behind financial wellness is that individuals can plan for their financial future in a more comprehensive way than in decades past, when they focused primarily on the dollar amounts in their bank or retirement accounts. An emphasis on financial wellness, by contrast, reflects a deeper understanding of where one's money is now and where it will flow in the future, ideally helping individuals meet their short-term needs while they save for their unique mid- and long-term priorities. Wellness is also about establishing healthy behaviors: financially sound savings, investment, and spending practices that will benefit individuals over the course of a long life.

Bank of America's recent Workplace Benefits Report found only about half of US employees feel "financially well." It is of paramount importance to our aging nation that this number increase.

One good place to start would be to help Americans plan for major expenses such as health care costs. Major health care bills can have a harmful ripple effect on finances and well-being, but there are tools individuals and institutions can leverage to help mitigate such threats. One involves knowing how and when to take advantage of such tools. Take health savings accounts, which allow an employee to set aside pretax money to pay for qualified medical expenses. There were 30 million HSAs at the end of 2020, helping to cover an estimated 63 million Americans. However, access still needs to be expanded.

Caregiving is another major source of expense Americans must plan for. During the COVID-19 pandemic, the "sandwich generation" — middle-aged adults caring both for their parents and children — have faced unprecedented child care and virtual-schooling responsibilities, all while simultaneously providing support to older family members at heightened risk of harm due to COVID. Every year caregivers cover an estimated $740 billion worth of their care recipients' expenses. They also perform financial work for their loved ones, handling bills, taxes, insurance, and more. Making a wrong turn while executing such tasks can prove costly, necessitating a level of advice above and beyond how to merely cultivate one's wealth.

Financial services companies can also perform an invaluable service to their customers — and to an aging world — by helping them continually revisit their goals, priorities, and saving and investment strategies. Bank of America, for instance, has launched a trio of online programs designed to help customers achieve three pillars of financial wellness: education, planning, and assessment. BofA's Better Money Habits platform, launched in 2013, offers free financial education content and tools for people at all life stages. The site's Life Plan and the Financial Wellness Tracker are designed, respectively, to help Americans set and track near- and long-term goals, and assess their overall financial wellness — creating personal action plans in the process.

Through such efforts, financial companies have the potential to improve their clients' financial outlook. To share the benefits of financial wellness with a broader segment of the US population, however, another set of institutions must get involved: employers. BofA research indicates that 95 percent of employers feel a sense of responsibility for their employees' financial wellness, even if they're not necessarily familiar with the term. However, fewer than half of employers communicate with employees more than twice a year about their retirement benefits plans; for health care plans, this statistic drops to less than a quarter of employers.

Digital innovations offered at both individual and institutional levels may help rectify such shortfalls. Artificial intelligence and machine learning, in particular, may help individuals take important financial wellness steps. Such technologies may make financial services more accessible to a wider set of clients than ever before.

As we plan for the hundred-year life, the standard retirement playbook must evolve. To put more Americans on the path to financial wellness, employers and financial industry leaders must commit to better supporting employees' full financial journeys — and that starts with adopting a more holistic, realistic view of old age itself. Aging is not something that only happens in the distant future. It is a complex, lifelong process, and everyone should have the opportunity to meet it armed with a set of nuanced, personalized, lifelong financial practices and strategies.

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*Lorna Sabbia is managing director, head of retirement and personal wealth solutions at Bank of America.*