



# **CALMING TROUBLED WATERS**

## **HELPING MILLENNIALS ACHIEVE FINANCIAL WELLNESS**

Countrywide Pre-Paid Legal Services has a financial wellness program to help young employees get out of debt, balance their personal budgets and achieve real independence.

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### INTRODUCTION

Millennials dominate employment discussions. It is a demographic that is starting to rise as the baby boomer generation begins to retire. Make no mistake about it; employers actively recruit Millennial job candidates for job openings. They come to the workplace with an incredible array of technical tools. It comes as no surprise because these people have grown up with the Internet and social media devices combined. They all should be on top of the world, but sadly these young people are not.

They face quite a few challenges they are not quite prepared for facing. Graduation from college releases them out to the real world and its obstacles. Earning a paycheck and creating a personal budget is all part of being an adult. However, graduates in bygone days did not face college loan obligations the size of a house mortgage or credit card debt in the thousands of dollars (Incidentally, some of the credit card debt was incurred to buy groceries and other necessities). Fortunately, many of the Millennials can stay on their parent's medical insurance policy. Those that are past the age of 26 might be facing medical bills that are fairly large. None of this is a good situation.

Employers cannot ignore the financial anxiety. It is not just speculation but is grounded in fact. [A recent report published](#)

## MILLENNIAL ATTITUDES

68% say stress brought on by finances takes a toll on their health.

92% would take advantage of a financial education program offered on the job

*Source: Bank of America*

*Merrill Lynch, 2017*

**COUNTRYWIDE**  
PRE-PAID LEGAL SERVICES, INC.

**by Bank of America Merrill Lynch notes that Millennials spend an average of four hours a week dealing with personal financial matters at work (Baby Boomers, on the other hand spend one hour per week). Millennials in the study complained that stress negatively impacts their work.**

Employers must find ways to help these people become more financially independent. There are numerous ideas debated in both academia and the benefits industry, and many of them advocate direct financial support. The trouble with doing this is the cost. Many small and medium-sized organizations want to help, but the costs can be prohibitive. It is important to have a benefit which will be cost-effective and at the same time deliver significant value.

It is essential to remember Millennials are not irresponsible spenders. They are a cohort of the population which already has college loan payments, and other heavy expenses. They need help and an employer can provide them the assistance through a financial wellness plan. Countrywide Pre-Paid Legal Services offer this benefit, and we will explain the qualities of our financial wellness program in the rest of this white paper.



## The College Debt Monster

College debt is the 800-pound gorilla in the room, the elephant at the door, and the worst nightmare for any college graduate under 30 years old. The estimates of overall college debt run into the billions of dollars and young employees are shouldering the burden. College debt could be the topic of discussion

at any dinner table, but this is an issue many don't even wish to think about. The level of ignorance regarding financing college debt is more than just frightening; it is mind numbing.

This ignorance is not fake news or some urban myth. It is very real and is supported by data. [Citizens Bank did a survey of recent college grads](#) to find out more about debt repayment. What they discovered is something that would disturb any employer. The Citizens Bank survey discovered that 45% of the respondents had no idea what percentage of their overall wages went to paying off loans. As if that wasn't bad enough, 59% had no estimate of how long it would take to pay off all their college debt.

A problem among Millennials is a wish to ignore the debt issue entirely. The quality of life means a lot to this crowd, and many just don't want to think about how much they owe. It sounds irresponsible until you realize the figures around student loan debt. [The average monthly student loan payment is approximately \\$351 per graduate](#). Many try to use forbearance as a way of putting off till tomorrow what they owe today. Unfortunately, it all catches up to the graduate sooner or later. Additional figures indicate that student loan delinquency is at a rate of 11.2% with no sign of going down.

Many do not know what to do. Millennials are not lazy, but no one at their high school provided sufficient information about college debt and how to pay back the owed money. Quite a few Millennials feel if they knew more about college debt beforehand, they might have waited to go to college until they had enough money. Hindsight is great, but it is not going to help them.

Employers should realize they cannot ignore this problem. Defaulting on a student loan, leading to filing for bankruptcy, can result in garnishment of wages. Moreover, the debt crisis can force some major decisions. A graduate may accept the job with an organization just to start paying the debt and then

immediately seek another position with higher wages to continue paying down the loans. There is a potential turnover problem, and that can increase recruiting costs.

**15% OF RECENT COLLEGE GRADUATES HAVE NO IDEA HOW MUCH COLLEGE DEBT THEY OWE**  
SOURCE: CITIZENS BANK SURVEY, 2016

Countrywide Pre-Paid Legal Services has a financial wellness plan option which helps Millennial

employees confront the student loan monster. Our network of certified counselors is very familiar with the dilemma faced by these young people. There are programs to help a young person, including public service loan forgiveness. It is even possible to renegotiate the interest rates or develop a payment plan that is sensible. Young graduates may have no idea of their options, but the Countrywide counselor does. This seasoned counselor can walk a Millennial through the paces of restructuring student loans or get some type of relief. The counselor can also stress the point that creditors simply want their money and do not want to destroy the financial wellness of anyone. Some of the panic that college graduates experience is diluted by the counselor's guidance. They are able to see the light at the end of the tunnel, and feel more confident about repaying all the school loans.



## Credit Card Quicksand

College loan debt is number one concern of Millennial employees and credit card balances is close behind. There is an obsession that the American consumer has with plastic, and retail companies encourage it. It is safer to have a credit card than cash when shopping, and debit cards make it so easy to pay when in a hurry. Millennials are hit with offers for new credit cards practically every day when they check their mail.

It is flattering in a way. Millennials want others to treat them like adults, and credit card companies will do exactly that. They will honor the use of a credit card and simply bill the owner at double-digit interest rates. Fortunately, the days when those interest rates could be ramped up to 30% due to penalties are gone. Still, it is not out of the ordinary to have interest rates as high as 15% or more. Banks make considerable money from issuing credit cards.

The good news is that Millennial credit card debt is nowhere near as serious as college loan obligations. [Figures from Credit Sesame](#) show that the average credit card balance for their members who are between the ages of 18 and 24 years old is \$1,778; the balance for those between the age of 25 and 34 years is \$2,735. It appears that credit card use grows when stable employment finally becomes a reality. Millennials, incidentally, are not always grasping for the bait. There is evidence that Millennials are trying to stay away from credit cards as much as possible. An issue for these younger employees is credit card utilization. This is the use of credit compared to the total amount you are allowed. A reason why younger Millennials have smaller credit card debt amounts is they are limited to the amount of credit allowed. A person who has several credit cards and whose total utilization amounts to a proximally 50% is starting to get into trouble. These credit cards have minimum payments required, and

these can eat into a budget quickly. Credit Sesame notes that while the 25 to 34 age group has utilization of 24%, the younger group, those between 18 to 24, have a credit card utilization figure of 31%.

Millennials do not want to get into credit card debt and make every effort to keep balances down. Trouble surfaces when the quality of life issue arises. A Millennial may make a sizable purchase as a treat or reward for hard work. It is only natural to do that, but after months of being cost-conscious, that expensive toy can erase all the efforts. It is also possible that a person handles everyday expenses with a credit card. Buying groceries is a prime example of such common use.

The solution to credit card difficulty is often having a good strategy for payments. There are some cards that are payable immediately and others where minimum payments are the sensible way to do things. The trouble here is that Millennials do not know much about financial planning. It is something their parents did but forgot to educate their children about. Furthermore, there are few courses offered in high school or college that promote common sense budgeting. Countrywide makes use of certified counselors to help people with credit card debt.

We do have a debt management service to deal with credit card debt and the Countrywide counselors are familiar with the problem and know how to approach it. Our professionals will be able to point out how to better manage credit card expenses. Consolidation of debt into one payment is an example. Our counselors can also point out ways that debt can easily be resolved, such as electronic payments, that will prevent penalties for being added onto the current balances. The experience of these experts will allow a Millennial employee to have better control over credit card obligations, allowing them to handle the college debt and other obligations better.



## The Medical Side

Employees will grumble about the cost of the company health insurance, but deep down inside they are grateful. Some grew up with the emergency room as the primary caregiver. Having employer-sponsored medical insurance means they've gone beyond that and can have their own private physician. Medical bills for a Millennial are nowhere near as great as those incurred by older employees. Nevertheless, there are some challenges.

Being able to stay on the parental health insurance policy helps some, but not all Millennials. There are young employees who have accrued medical debt earlier because they had no insurance. While they are grateful that pre-existing conditions will no longer deny them coverage, the debt created earlier remains. The toll can easily be in the thousands of dollars. They also must meet the deductibles of the employer health insurance. Some of these have gone up over the last few years, and a Millennial with a health condition must pay all the deductible before achieving the full financial benefit. It is not out of the question to have some of these people very deep in debt to hospitals and care providers.

**Ignorance can play a role. A study performed by the International Foundation of Employee Benefit Plans shows the majority of employees do not understand or even read the educational material about their company benefits.** Inadequate savings will result in a young person having difficulty paying for a medical bill of a few thousand dollars. Some will try to borrow the money from their parents or friends and others might try to ignore it entirely. The latter is a bad idea. Healthcare providers are nice people, but they need to be paid for their services. They will be patient up to a point and then can become extremely harsh as they are entitled to their delinquent bills. Many will hand the delinquencies to a collection agency who will, in turn, harass the person who owes the money. Worst-case scenarios include garnishment of wages, and no one wants that to happen.

Knowledge is the best remedy for this financial illness. Countrywide counselors will provide the insights a Millennial needs to understand how to pay the bills the best way. Millennials do not realize that healthcare providers are willing to assist and offer payment plans. In addition, not all of them know the value of a health spending account (HSA). Countrywide will provide some advice on how to use these accounts to the best advantage. Counselors will provide information that a Millennial doesn't know about because he or she never worried too much about medical debt. We can make them more aware,

**18 TO 34 YEAR OLDS HAVE MORE TROUBLE WITH MEDICAL COSTS THAN ANY OTHER AGE GROUP SURVEYED IN A NATIONAL FINANCIAL LITERACY SURVEY. SOURCE: FORBES**

and help them avoid serious financial pitfalls caused by trips to the doctor or the hospital.



## The Tools

Countrywide gives Millennials needed advice and counseling. We also help by providing financial education. We sincerely believe that the more a plan member knows about personal finances, the better off that person will be. Our financial education is not some theoretical macroeconomics dissertation but common-sense approaches to everyday expenses. The objective is to have a financial wellness plan member well versed in areas where potential problems may arise. The subjects include:

- Reverse Mortgages;
- Children and Money;
- Bankruptcy;
- Understanding Credit Reports;
- Dealing with Collection Agencies;
- Grocery Shopping Tips;
- Saving for Household Emergencies

and other topics which influence financial wellness.

## Bankruptcy Counseling and Education

Millennials are terrified about bankruptcy, and we appreciate that. No one wants to venture out into the real world and face something as drastic as a bankruptcy filing. Unfortunately, some people must confront the bankruptcy issue. The Countrywide financial wellness program provides the debtor education course which fulfills the financial education requirement mandated by law, making it easier to file for bankruptcy relief.

## Budget Counseling

Budget counseling is an essential part of our financial wellness plan. Counseling sessions help a person better understand where the money is coming from and where it is going. Our counselors will look at a Millennial's financial condition, and suggest how to manage expenses in addition to increasing domestic income, and to access public and private resources if necessary. A written budget is also provided.

## Asset Inventory Management

Millennials do not always know what assets they have. It is often more than just a bank account. A young employee may also have property, investments, and insurance outside of the company insurance policy. What Countrywide proposes to do is help develop an asset inventory document with the plan member. Once prepared, the inventory will help shape future decisions.

## Make Your Move

A Millennial employee is perhaps thinking of buying a home. This is a major purchase but also indicates how successful this young person has become. They do not always know how to handle a purchase, so Millennials will stick with old-fashioned notions of a home buying. Our housing education program assists in making a good choice. Our homebuyer education course is called "Make Your Move." This is more on how to finance the house than determining the number of bathrooms needed. Lessons center on,

- Understanding what lenders want to see.
- How important credit history is to securing a home loan.
- What kind of loans a person might qualify for, and;
- How much of a loan a Millennial might be approved for by a lending institution.

A bit of housing buying safety is included. There are unethical companies that engage in predatory lending practices. Young home buyers are the victims because they lack insights into house financing. "Make Your Move" explains how to avoid these vultures.



## Other Employees

We do not want to give the impression that only Millennials are worried about financial wellness. Other employees have concerns and Countrywide wants to be there to help. Every one of our financial wellness benefits is available for use by other employees. In fact, some that may look like they are intended only for Millennial can help a person in their late 40s. We want to take a moment and explain how others are going to benefit.

### Dealing with College Loan Debt

Parents want to help their children climb that financial mountain. The Parent PLUS Loan is one of the more common means, and there are private loans which a parent may take out to help a son or daughter. Parents will cosign loans for their children and even dip into retirement funds. It is all very commendable, but there are some serious risks.

The Countrywide counselor is going to advise parents how to lower the PLUS loan payments. Parents are also going to receive an education on the pros and cons of cosigning a student loan. Some of the best advice will be on how to develop a budget to meet current expenses in addition to helping their college student.

### Medical Bills

Employer health insurance is a great benefit and many employees are grateful. Nevertheless, an older employee may face some substantial medical bills. The cost may be for surgery and treatment for a spouse covered under the plan. The curse of the deductible can come down very hard on the shoulders. Countrywide is going to show what can be done to keep medical bills paid without destroying the family

budget. The Countrywide counselor even points out how a wellness program reduces the risk of poor health and reduces premium payments. The counselor can offer information on how a Health Spending Account can be a real plus in dealing with medical costs.

### Debt Management Plan

Debt is a terrifying prospect for any employee approaching retirement. This person knows the personal income soon will be reduced, and they are deeply worried that a pension can't cover bills. Existing debt adds to the worry. A debt management plan may be the best option for senior employee faced with a lot of debt. Being able to tackle some of the bill paying problems before retirement can make the golden years a little bit more enjoyable.

### Financial Education

Our education programs are for all employees, and we encourage involvement. The instruction will help a person make more informed choices about buying a house and learning how to balance a budget properly. Those who are in serious financial straits will appreciate our debt management plan and the bankruptcy counseling our certified counselors will give.



## Conclusion

Millennials are highly recruited job candidates. They have the expertise and technical skills earlier generations only dreamed about. A major question for any employer is how to keep them? Millennials do not stay long in one place unless they have a good reason. Wages are nice, but Millennials are looking for more than just the cash. They want to work for an employer who cares about them. An

organization that feels responsible for helping their employees is going to impress a Millennial and will keep that person for quite some time. We want to assist employers on a valuable financial wellness program. It may help with college debt but not necessarily with medical bills. We accept that. Whatever the client wants is precisely what the client gets. We will include all selected benefit options in the final plan document.

Helping employees with financial wellness issues is a smart business decision. It shows a commitment to employees which goes beyond writing a paycheck. Employee loyalty is encouraged when organizations go one step further. Countrywide Pre-Paid Legal Services provides the kind of benefits that ease a lot of financial anxiety.

We would welcome the opportunity to explain our financial wellness program will all interested parties. We believe we offer a valuable benefit backed up by superior customer service. Please do feel free to contact us at your convenience.

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