



CONCEPT DOCUMENT

WELLNESS MAKES CENTS

TEAM MEMBERS

Laurie Butz, Community First Credit Union
Jennifer Wolfe, Partners Federal Credit Union
Dave Klavitter, Dupaco Credit Union
Suzanne Weinstein, Orlando Federal Credit Union

PROBLEM DEFINITION

Staggering numbers of Americans are not physically active, have poor health (obesity, heart disease, diabetes) and struggle financially (living paycheck to paycheck, lower credit scores, paying more for credit, insurance, etc.). For example, a key factor in attaining financial services is Credit Score, yet studies indicate that the National Average FICO score is 646 (Poor is anything under 650.) ***These combined factors leave many Americans under-banked and under-served in times when they need it most.***

This problem is further demonstrated through significant studies as shown below. According to the President's Council on Fitness, Sports and Nutrition:

Physical Activity

- Less than 5% of adults participate in 30 minutes of physical activity each day
- Only one in three adults receive the recommended amount of physical activity each week
- More than 80% of adults do not meet the guidelines for both aerobic and muscle-strengthening activities
- 28.0% of Americans, or 80.2 million people, aged six and older are physically inactive

Nutrition

- Typical American diets exceed the recommended intake levels or limits in four categories: calories from solid fats and added sugars; refined grains; sodium; and saturated fat
- Americans eat less than the recommended amounts of vegetables, fruits, whole-grains, dairy products, and oils
- About 90% of Americans eat more sodium than is recommended for a healthy diet
- Reducing the sodium Americans eat by 1,200mg per day on could save up to \$20 billion a year in medical costs
- US adults consume an average of 3,400 mg/day [of sodium], well above the current federal guideline of less than 2,300 mg daily

Obesity

- Recent reports project that by 2030, half of all adults (115 million adults) in the United States will be obese
- Nearly 45% of children living in poverty are overweight or obese compared with 22% of children living in households with incomes four times the poverty level

Human and Financial Costs of Obesity

- Obesity-related illness, including chronic disease, disability, and death, is estimated to carry an annual cost of \$190.2 billion
- Those who are obese have medical costs that are \$1,429 more than those of normal weight on average (roughly 42% higher)
- The annual cost of being overweight is \$524 for women and \$432 for men; annual costs for being obese are even higher: \$4,879 for women and \$2,646 for men

INNOVATIVE SOLUTION

PROPOSED WORKING SOLUTION:

To address the problem of under-banked and under-served populations, our team wants to leverage the proven correlation between Physical Fitness and Financial Fitness by creating an “alternative Credit Score” that Credit Unions could use to determine an individual’s financial credit worthiness. The solution would leverage the positive correlation between physical health and financial wellness to engage employees, members, and the communities we serve in behaviors that positively affect their lives.

INSIGHTS REGARDING IDENTIFIED CORRELATION BETWEEN FINANCIAL AND PHYSICAL FITNESS:

Studies indicate that there is a direct correlation between Physical and Financial Fitness in the US. For example:

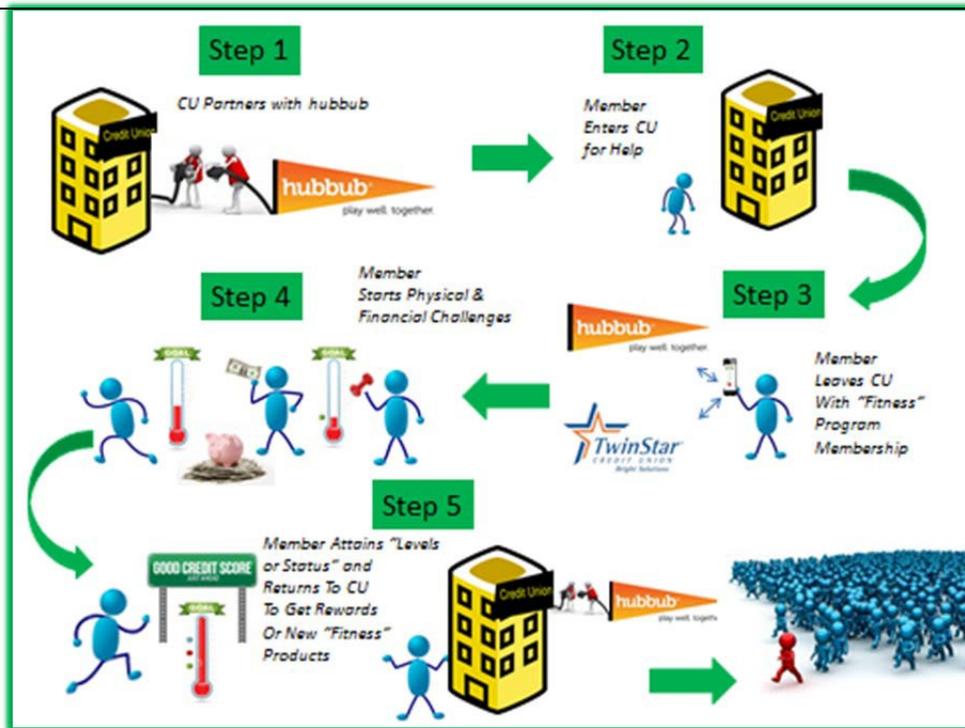
- Medical bills result in 62% of personal bankruptcies in the United States;
- Individuals who regularly run are six times more likely to pay their bills on time compared to someone who does not run;
- Heavy alcohol drinkers are five times more likely to go bankrupt;
- A typical non-smoker's net worth is about 50% higher than that of light smokers and about twice the level of heavy smokers;
- Physical appearance affects a person's earning ability. There appears to be a “fat penalty” for overweight workers, particularly women, who earn less than their slimmer peers. Similarly, smokers have been found to have lower earnings than non-smokers who do similar work;
- Inactivity has been estimated to cost between \$670 to \$1,125 per person per year in healthcare costs
- Overweight and obese individuals and smokers often pay more than others do for certain expenses such as health, disability, and long-term care insurance;
- Obese individuals also spend about 36% more than average-sized people on health services and 77% more on medications;
- Both health and wealth require proactive action and are jeopardized by simply doing nothing.

WORKING SOLUTION COMPONENTS:

- Incorporate both financial and physical fitness challenges, education, and actions to improve results both physically and financially through an application, software solution, and correspondence solution
 - hubbub to support the website integration of Physical and Financial Fitness and tracking of “point or level attainment”
 - Credit unions to provide the Developed Solution to Employees and Members, receive the updates regarding level attainment and support the financial aspects (including rewards)
 - Credit Union to focus on a suite of products (savings and lending), which reward improved key metrics for both financial and physical health, e.g. credit score, BMI, blood pressure, fitness goal completion etc.

- Lending product will be used to improve a member's financial state via debt consolidation;
- Saving product will focus on short and long-term goals, such as crisis management, savings for health situations, and retirement;
- The ultimate solution would be funded by Credit Unions buying membership into the Developed Solution.

PROTOTYPE



PROJECT PROTOTYPE TO TEST FOR FILENE I3 PROGRAM:

The prototype test period ran from September 22nd thru October 31st using a volunteer group of TwinStar Federal Credit Union employees. As the credit union was already actively engaged and using the hubbub platform, it made for a quick and efficient way to test the concept. The program consisted of a Pre and Post Survey centered on creating a baseline and providing feedback regarding the proposed concept. Additionally, there were 5 challenges created in hubbub – see addendum for details. Participants were required to complete both surveys as well as 4 out of 5 of the challenges in order to show as having completed the program. Upon completion of the program, the participants received a virtual badge and were entered into a drawing to potentially receive 1 of 2 Fitbits or a Kindle Fire – prizes were donated by the participating i3 credit unions. Additionally, in conjunction with TwinStars existing incentive structured centered on hubbub, employees could also earn Amazon bucks for their completed challenges

TESTING AND RESULTS

In order to document results and garner feedback, we used a pre and post survey to correspond with our participants. Some of the highlights are as follows:

At the on-set of the program we conducted a “Pre-Survey”:

- 77 participants completed the survey:
 - **55%** had less than \$1,000 in their Savings Account
 - **43%** either didn't know their credit score or reported it being less than 680
 - **38** respondents felt they wanted to lose more than 20 pounds
 - **54** respondents worked out 90 minutes or less each week

Fast forward 4 weeks to the last step in the program, which was to complete a “Post-Survey”:

- 28 participants completed the Post-Survey (36% of the original group):
 - **61%** felt the program contributed to a mild+ improvement in their physical activity
 - **50%** felt the program contributed to a mild+ improvement in their spending habits
 - **46%** encouraged others to complete the challenges with them
 - **79%** thought that offering a member who is under-banked or has a low or no credit score a version of this program in order to create an “alternative” credit score would be a good idea.
 - **93%** stated now knowing the correlation between financial and physical health that they would be willing to do more physical and mental challenges to earn points towards financial products and / or solutions

BUSINESS MODEL AND 3-YEAR FINANCIAL PROFORMA

Discuss factors that demonstrate the viability of your concept. Outline your plan for harvesting value from your innovation. Approach this through the lens of a credit union or other organization that would take part in the ultimate commercialization of your concept.

Include a high-level three year financial proforma (embed an Excel worksheet or Word table) that includes projections around revenue streams, initial development costs, ongoing direct expenses and impacts (positive or negative) on overhead expenses.

		Year 1	Year 2	Year 3
Total Member Base: 100,000		1%	3%	5%
	Participating Members:	1,000	3,000	5,000
Income				
Real Estate		39,600	118,800	198,000
Vehicle		54,000	162,000	270,000
Credit Card		93,600	280,800	468,000
Consolidation Loans		135,000	405,000	675,000
Non-Interest Income		42,020	126,060	210,100
	Total Income	\$ 364,220	\$ 1,092,660	\$ 1,821,100
Expenses				
Wellness Program Costs		\$ 300,000	\$ 315,000	\$ 330,750
Custom Marketing		\$ 500	\$ 1,000	\$ 1,500
Marketing Materials		\$ 300	\$ 350	\$ 400
Incentives for Members		\$ 100,000	\$ 300,000	\$ 500,000
Custom Badges		\$ 3,000	\$ 6,000	\$ 9,000
Credit Union Challenges		\$ 10,000	\$ 15,000	\$ 20,000
	Total Expenses	\$ 413,800	\$ 637,350	\$ 861,650
Dividends		\$ 82,500	\$ 300,000	\$ 625,000
	Net Income (Loss)	\$ (132,080)	\$ 155,310	\$ 334,450

COMMENTS, NEXT STEPS, AND CALL TO ACTION

Our end goal with this idea was to ultimately come up with an alternative credit scoring model. In order to do that, we must first and foremost collect sufficient data to analyze in order to determine what that model will potentially look like. Our proto-type and testing efforts have demonstrated a way in which this data could be collected. With that, and given hubbub's willingness to engage and partner with this trial program, we recommend that next steps include working with this vendor to create a scalable business model to introduce to the credit union space. Several credit unions would need to be involved with this beta group and willing to develop a product program and / or financial incentive program around it. This will be necessary in order to document, not only trends associated with both the financial and physical fitness elements, but also with the return on investment.

Understanding the true return on investment through additional products and services as well as good will, is key to moving this concept forward. It is expected that given the size of credit union memberships, it will be necessary to come up with a more appropriate pricing model as it is not realistic that a credit union would potentially allocate millions of dollars a year to offer this benefit to their members. The pro-forma presented with this document has already accounted for a different pricing model as the existing model would charge \$3 per month for all potential users associated with an organization. This would be unrealistic given the size of the reach of our organizations.

Once a scalable model is in place and being used, Filene would then have the data necessary to work on modeling an alternative credit score based on the attributes of the enrolled members who have benefited from the program by improving their financial and physical fitness. Additionally, credit unions would now have a scalable "plug and play" offering for their member's that reinforces the correlation between financial and physical well-being thus strengthening the credit union movement's reach and philosophy of people helping people.

ABOUT FILENE

Filene Research Institute is an independent, consumer finance think and do tank. We are dedicated to scientific and thoughtful analysis about issues affecting the future of credit unions, retail banking, and cooperative finance.

Deeply embedded in the credit union tradition is an ongoing search for better ways to understand and serve credit union members. Open inquiry, the free flow of ideas, and debate are essential parts of the true democratic process. Since 1989, through Filene, leading scholars and thinkers have analyzed managerial problems, public policy questions, and consumer needs for the benefit of the credit union system. We support research, innovation, and impact that enhance the well-being of consumers and assist credit unions and other financial cooperatives in adapting to rapidly changing economic, legal, and social environments.

We're governed by an administrative board made up of credit union CEOs, the CEOs of CUNA & Affiliates and CUNA Mutual Group, and the chairman of the American Association of Credit Union Leagues (AACUL). Our research priorities are determined by a national Research Council comprised of credit union CEOs and the president/CEO of the Credit Union Executives Society.

We live by the famous words of our namesake, credit union and retail pioneer Edward A. Filene: "Progress is the constant replacing of the best there is with something still better." Together, Filene and our thousands of supporters seek progress for credit unions by challenging the status quo, thinking differently, looking outside, asking and answering tough questions, and collaborating with like-minded organizations.

Filene is a 501(c)(3) nonprofit organization. Nearly 1,000 members make our research, innovation, and impact programs possible. Learn more at filene.org.

"Progress is the constant replacing of the best there is with something still better."

—Edward A. Filene



ADDENDUM

Filene/TwinStar/hubbub Financial Fitness Project

“Wellness Makes Cents”

Explainer for bottom of every challenge:

How do financial fitness and physical wellbeing correlate?

Physical health and financial health are arguably two of the most important factors affecting your wellbeing, security and quality of life. And studies show overall health connects to overall wealth. Did you know:

- A typical non-smoker's net worth is about 50% higher than that of light smokers and about twice the level of heavy smokers
- Inactivity has been estimated to cost between \$670 to \$1,125 per person per year in healthcare costs
- The annual cost of being overweight is \$524 for women and \$432 for men; annual costs for being obese are even higher: \$4,879 for women and \$2,646 for men

Join the Wellness Makes Cents series of challenges – a program to help you take healthy steps toward financial and physical fitness.

Explainer for “drawer promo”

[goes live Tuesday, 9/23]

Physical health & financial health are two of the most important factors affecting your wellbeing, security and quality of life and they're closely connected. Join the Wellness Makes Cents series of challenges – a program to help you take healthy steps toward financial and physical fitness.

CHALLENGES

REWIND:

Survey Says: [challenge open 9/23 - 11/4]

[Link to initial survey is imbedded in challenge but link expires 9/29, then an email with a new link to the post-survey is sent via in-game message on 10/28 with a completion deadline of 11/4]

The first step in measuring success is to determine a baseline. We need you to take a brief survey, to take your financial temperature. Complete the pre-challenge survey by September 28 and then complete the post-challenge survey as soon as these challenges have wrapped up to earn completion credit. Check into Survey Says when you complete each survey.

NOURISH:

Project Lunch Box [challenge opens 9/23 and runs 9/29 – 10/13]

Step 1: source a lunch box, bag or sack

Step 2: pack a lunch with healthy and delicious food.

Step 3: bring that lunch to work. every day.

Packing a lunch every day can help shrink the waistline and stuff your wallet! According to a [Time Magazine article](#), you could save more than a \$2,500 every year just by bringing food from home. A typical lunch out costs between \$7 - \$15, while a sack lunch is closer to \$4 per day!

Packing your own lunch also has health benefits, like [these](#). Home-prepped meals tend to have fewer calories and higher levels of nutrients. Plus, planning your meal in advance forces you to think about what you're eating rather than wolfing down fast food or other unhealthy foods when you're hungry and crunched for time.

- Plan ahead – grocery shop on the weekend to stock up for the week ahead
- Purchase items from each food group to maintain a balanced diet
- Freeze a water bottle or juice box the night before for a multipurpose ice pack that will keep your lunch cool
- Eat whole foods
- Shop from the perimeter of the grocery store where fresher foods are stored

[Click here](#) for a few healthy lunch ideas from our friends at Cooking Light.

Check in each time you bring your own lunch. Share your tips and what you packed in the comments. 5 check-ins will complete this challenge.

MOVE:

Burn Your Own Fuel [challenge opens 9/23 and runs 9/29 – 10/13]

Summer's over, the kids are back to school, and you're likely spending a lot more time sitting on your backside ... on the couch, at the office, or in the car. This challenge urges you to hold on to the summer for just a bit longer, put a little power in your day and bike, walk, roller skate or jog from point A to point B. And guess what – you may even save a little money on gas!

- Can't walk to work? Walk to lunch!
- Need to chat face to face with Bob in accounting? Take the stairs instead of the elevator!
- Need to stop at the store? Park just a few extra spaces away from the front door.

Check-in every time you make the choice to let your legs take you where you want to go. Do it 4 times over the next two weeks and you'll earn completion credit for this challenge.

NOURISH:

Swap the Soda [challenge opens 9/29 and runs 10/6 – 10/20]

Instead of drinking that bottle of sweetened sports drinks, can of soda or cup of calorie-filled coffee, drink water. Replace one serving each day with water, until eventually you replace your bad drinking habits with healthy ones!

A typical 12 oz can of soda contains approximately 140 calories and costs approximately \$1.20 per can. If you drink one can of soda per day, you're accumulating an additional 980 calories per week and spending \$8.40. Let's turn this around - cutting out one can of soda per day for a month spares you 3,920 calories and saves you \$33.60 (that means you'd lose about a pound, without doing anything else!) And get this - one can per day for a year spares you 50,960 calories and \$436.80! That will lose you about 14 lbs., AND get you enough cash for a couple of new pair of pants in your new waist size.

If you avoid drinking water because you crave the extra flavor of sugary drinks, try adding some natural flavor to your water with cucumber slices, lemon wedges or some mint leaves.

Check in on hubbub each time you go one full day without sugared drinks and let us know how you curbed your cravings! Do it 4 times over the next two weeks and you'll earn completion credit for this challenge.

REWIND:

Be Wealthy & Wise [challenge opens 9/29 and runs 10/6 – 10/20]

Knowing is half the battle, right? Maybe your spending habits are great. But maybe they're not. You won't know unless you start thinking about it. And this challenge will help you be mindful of your money.

Take the time to gather info about your monthly bills. Already have a working budget? Start a daily spending journal. Write down everything you spend money on. If it's \$0.50 or \$500, it all gets accounted for. By day 2, we'll bet you'll start thinking twice about unnecessary expenses. Check into this challenge every time you do something that supports your financial fitness. Try some of the following ideas:

- avoid impulse buys
- watch an educational video like this one: https://www.youtube.com/watch?v=3svZ_0rEpXk
- ask an expert (in person or online) for financial advice

Check in at least 3 times per week reporting a step you've taken or a choice you've made toward your financial fitness, or if you just resisted an urge to splurge. A total of 6 check-ins will complete this challenge. Use the comments section to share *what* you did.

If you need help creating a budget or are looking for other tips and resources to manage your finances, check out the resource below for guidance.

<http://www.balancetrack.org/partners/twinstarcu/index.html>

(or <https://www.twinstarcu.com/resources>)

NOURISH:

Fork Out = Fork Over [challenge opens 10/6 and runs 10/13 – 10/27]

Home cooking is on the decline – people think they don't have time to cook. Studies show that Americans spend \$.60 of every food dollar on eating at restaurants, (including fast food!) Increased portion size, added salt (lots of added salt), breading, frying and bottomless sodas up the calorie count and lower the nutritional value of meals out. And when you eat out, you're likely forking over more cash than you would at home for the same exact meal. [Pro tip: Put the cash you would have spent on a tip in your savings account and see how fast that adds up!]

So cook something! Make it a family affair – take the time to teach the kids (or your non-top-chef spouse) a few skills in the kitchen. Plan ahead and cook a big ol' batch of that awesome casserole or crock-pot and then pack it for lunch!

Cook something. Anything. Do it 4 times over the next two weeks and you'll earn completion credit for this challenge. Takeout doesn't count.