

Improving Employee Engagement Through Financial Wellness

Q&A with Rellevate, Inc.

Life happens. Eighty percent of Americans live paycheck to paycheck, and 40% of Americans can't afford a \$400 unexpected expenditure. Rellevate, Inc. was founded to help provide solutions that make sure working-class employees have access to their money when they need it in between pay cycles.

Supporting employees' financial wellness helps organizations acquire, retain, and maintain loyal employees. When people aren't worried about how they're going to pay their next bill, they're going to be much more engaged in the workplace.

Follow along to read highlights from a discussion on how Rellevate is helping improve employee engagement through financial wellness and peace of mind.



Moderator
Linda Misegadis

CPP, CPM, CCM, IPMA-CP
UKG

Linda is the public sector business consulting director at UKG. She is a passionate, extensively experienced, and goal-oriented public sector subject matter expert and former payroll director with more than 25 years' experience in both the private and public sectors. Linda is a Certified Payroll Professional, Certified Public Manager, IPMA-CP, and Certified Change Manager.

Linda comes to UKG after previously working for the city and county of Denver, where she served as the director of citywide payroll operations and administration.

She leads a team of subject matter experts in state and local government and in K-12, and higher education.



Stewart Stockdale

Co-Founder, Chairman & CEO
Rellevate, Inc.

Stewart was formerly the CEO of JG Wentworth, president of Western Union, and most recently, the head of Marketing and Product Management for MasterCard Worldwide. He felt the need to build a product set that was helping working-class Americans, so he co-founded Rellevate, Inc.

Rellevate has built a world-class team that is passionate about helping Americans succeed by giving them access to valuable financial tools at affordable, fair prices. Additionally, Rellevate is partnering with best-in-class providers that ensure their products work seamlessly, securely, and with the necessary privacy for all employers and consumers.

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CAN YOU BRIEFLY TELL US ABOUT WHAT RELLEVATE DOES?

What we do is we help employees move, access, and use their money anytime, not only at payroll time, but also between payroll cycles. We want to help people have maximum control of their finances on their terms. We're offered by employers who care about their people, and it's really an employee benefit.



Our product set can be thought about as a digital bank account that has earnings credit. We offer 38 basis points of credit whereas the big banks are offering one basis point of credit. Every account is FDIC insured up to \$250,000. It comes with a Visa debit card, and obviously it enables direct deposit, which makes it really, really easy to access in between pay cycles. We advance 50% of earned wages any day of the week as many times as an employee needs it.

We always say that "life happens," and we're trying to help employers address their employees' cash flow needs. Many people have different buckets from which to access cash, but a lot of people don't. And what we want to make sure is that we give another bucket of cash where people need it and that's pay between pay cycles.



HOW CAN FINANCIAL WELLNESS CONTRIBUTE TO EMPLOYEE ENGAGEMENT FROM YOUR PERSPECTIVE?

Here's an example: We're onboarding a big fast food company right now. They have about 125% turnover and it costs them about \$2,000 to onboard an employee, and they're losing those hires that go across the street to another fast food location for an extra dollar. What they really loved about our product is not only giving people access to their direct deposit on a secure digital account, but also pay within pay cycles.



They used to have a kitty among each of the store managers to be able to loan money to employees between pay cycles. So this fit like a glove to them. Offering this benefit helps with retention as well as acquiring better employees. If they're not having to worry about when they're going to pay their next bill, they're going to be much more engaged. And we certainly don't want them to go to payday lenders, check cashers who are really, really onerous channels. And if you don't believe it, 80% of Americans live paycheck to paycheck and 40% of Americans can't afford a \$400 unexpected expenditure. So, what we really do is help facilitate and give peace of mind.

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CAN YOU TALK ABOUT THE DIFFERENCE BETWEEN PAYDAY LOANS AND ADVANCES AND WHAT RELLEVATE OFFERS?

Our philosophy is that when you work, that money is yours. And so what we want to do is make that available to you, not in the form of a loan, but purely as an advance, similar to you going to an ATM and putting your card in there, you get it out. Yes, they charge you \$2.95 and we charge you \$2.95, but when you go to a payday lender, they're basically offering you a short-term loan. And because it's a short-term loan and they think it's pretty risky, they charge northward of 250% with the excuse that it's going to be a short-term loan.

Of course, we all know that those short-term loans sometimes become long-term loans and you can imagine paying interest of 250% is pretty onerous. So we're not a loan and we're also not a lending company. We are a digital banking company and we give advances, and there's no interest on our advance. There's actually no recourse against the employee because it's not a loan. We're banking that when they get paid, we're going to collect our money back in the form of the only fee associated with that transaction, which is \$2.95.



That's really great and really helpful as well. One of the challenges in the public sector is that we have limited budget dollars available to us. And sometimes the programs aren't something that we can offer to our employees.

WHAT WOULD IT COST ME AS A CITY OR A STATE AGENCY TO IMPLEMENT A SOLUTION LIKE RELLEVATE?

Well, the good news is it costs the employer zero. So there is absolutely no cost and we believe there's minimal setup costs or setup time. The thing that we require from the employer is access to time and attendance and we want to know that you are actually employed. If I'm going to keep advancing you money and if you, Linda, take an advance, I want to make sure that you're going to be there by the time payroll comes around so that I could collect the money that we advanced to you.

So it's really, really simple. It's about a two-week process to onboard a new employer. We do need access to the employee base, and we could do by showing up in person. We can also do digital, we do emails, we do text campaigns, whatever the employer wants is how we onboard their employee base. Because the cost is nothing, an implementation doesn't usually require RFPs. We're not going to hold anybody to a contract that doesn't want to stay with us long term, so if they want to cancel within 30 or 60 days, they're free to do so. Same thing with the employee, there's no monthly fee and if they want to cancel their card, there's no obligation long term. They could sign up, and if 30 days later they don't like the product, they could just cancel and there's no cost whatsoever.

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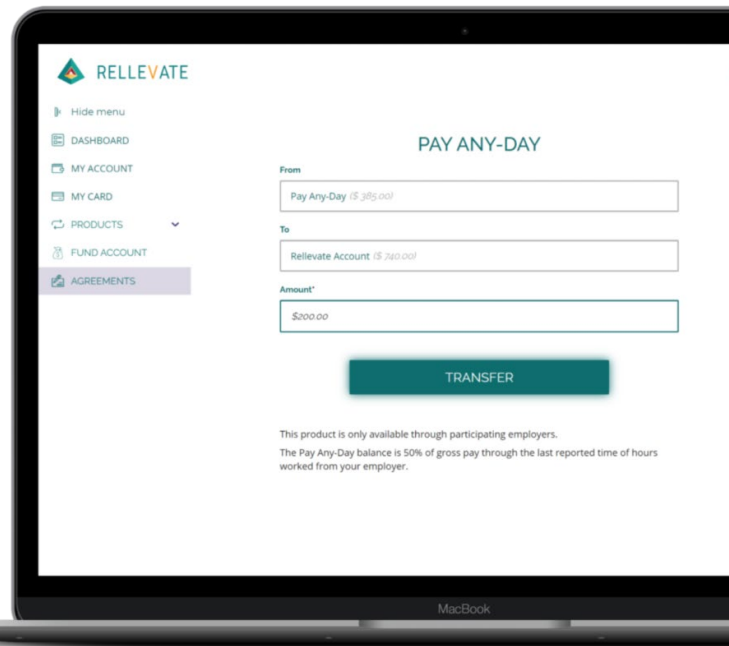


HOW ARE THE ADVANCES PAID BACK?

All that needs to be done by an organization that decides to implement this is give us time and attendance data so we can create an integration. There's different ways to do that, but the easiest is obviously through the integration already established with UKG. That's all they really have to do, because then the employee ends up opening up an account with Rellevate. That way, they have a digital bank account with us.



When they get paid, their money goes into a Rellevate account, so after a direct deposit when they get paid, we just deduct the advance that was given between the pay cycle. So it's a direct advance directly from the employee's account and it really doesn't touch the employer.



WHAT INFORMATION ARE YOU SHARING WITH THE EMPLOYER?

It's important that the employer doesn't know the detailed interactions that we're having with the employee on his or her spending. Are they taking advances?




What we really want to share with the company is, are people staying longer? Is retention going up? Is satisfaction high?

We'll tell them certain variables on usage, but we would never disclose personal information back to a corporation on how an employee is using the product. Think of that wall and that separation as something not too different from insurance and healthcare when companies offer those types of products.

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WHY DID YOU DECIDE TO INVEST IN AN OFFERING LIKE RELLEVATE AND WHY DOES THIS REALLY MATTER TO YOU?




It really is very personal. To your point, I've worked with some of the largest, and, in my view, some of the best global companies: MasterCard, Western Union, and JG Wentworth. And it was clear to me that financial services were built for the wealthy. They were built by the wealthy for the wealthy. And as you go down the pyramid, the products, the product offerings, and the servicing aren't as good. And there was always a license to charge more the further you went down the pyramid because people said it's a riskier population. And so, typically, either fees or rates go significantly up.

And a lot of people are talking about financial inclusion and financial wellness; in my view, most of it is lip service and everybody wants to be politically correct and so forth. When I left my last company, I was under a two-year non-compete. My CIO and I have actually worked together 22 years in about three different companies, and we said, "Why don't we go build the best company for middle- and lower-income Americans and it's all about cash flow? It's about cash access, cash usage, and cash movement."



HOW HAVE OTHER ORGANIZATIONS FOUND VALUE IN YOUR OFFERING?



Well, we're working with a large public school system in Colorado. They have 53 schools and about 5,000 employees. What really caught their attention was when I was giving a presentation at the University of Denver, of which I'm an alumnus, and the CFO for this public school was there as well. I wasn't even pitching them, but they came to me after, and they said, "Stewart, your product is perfect for many parts of our employees. We pay once a month and all public school systems in Colorado pay monthly and like that, there's a lot across the country." He says, "We have a hard time hiring bus drivers, janitorial staff, cafeteria folks, because they can't afford to be out of pay for a month. And so your solution is a really, really good one."

And another example was one that came through when we were talking to somebody in UKG's K-12 group. They put us in touch with a school that wanted to go from a two-week pay cycle to a one-week pay cycle. And they said, "Maybe if we offer Rellevate, we don't have to do that and we could continue with a two-week cycle." It's difficult to go from a two-week to a one-week cycle. It's hard to think about attracting and retaining employees when you come to work and you say, "Well, by the way, you've got to wait for a whole month before you're going to get paid." That could really create some financial hardship for employees. I think that this is a great way to help with that.

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I'm thinking about the fact that there are still a lot of employees who are unbankable and that's the reason a lot of times why we still see paper checks being issued, because an employee can't get an account at a bank. It seems to me like this really helps solve that problem as well. And maybe as a byproduct of that, it can help those employees who have maybe suffered with some challenging financials throughout their lives.

DO YOU OFFER CLASSES OR ANY TYPE OF RESOURCES TO EMPLOYEES ALONG THOSE LINES TO HELP THEM THINK ABOUT SAVING FOR THE FUTURE?



Yes, that's a really important part of our mission. We're working with Bill Rogers, who is a senior advisor to us. He's a Ph.D. and the chief economist for Rutgers University. He worked in the Obama administration and he does a lot of great stuff with even all the way to the Governor of New Jersey and so forth. We're actually going to publish a white paper called "Minding The Gap," which is basically about filling the need. But the real title is the painful reality of the American worker, because you even go back to pre-pandemic last year when unemployment was really low - you talk about people that are employed, but what people don't focus on is the underemployment as far as the amount of cash that they're bringing home.

If you take into consideration that the average household income in this country is about \$47,000, and you say, "Well, you've got 2.2 people per household, or 2.3 or 2.7 with kids and whatnot, it doesn't go very far." We're in the process of onboarding a company that'll help on budgeting as well to make sure that people can at least focus on budgeting. And the way we set up the product was, we said, "Let's do a checking account with interest." People, many times to your point, are unbanked, and they're not going to have two accounts. We want people to save more, but if they leave it in their own account, let's make sure that we give them the interest.

Education and financial literacy are top of mind for us. Six percent of qualified Americans don't have a bank account. Twenty percent are underbanked, which means that they have a banking account, but they really don't use it. I think that converting them to electronic bank products and the type of features that we're adding will not only bring them into the system, but also educate along the way.