

For Immediate Release

Contact: Danielle Perry
Financial Finesse, Inc.
Toll-Free: 866-733-2677 ext. 361
Direct: 310-802-6861
Cell: 909-217-1749
Danielle.Perry@financialfinesse.com

RETIRING THE RETIREMENT HANDBOOK: HR'S NEED TO ADAPT IN A NEW ECONOMY

Manhattan Beach, Calif., March 9, 2009- Human Resources never had a chance in this economy. With the market's quick and dramatic crumble, many companies found they weren't prepared to handle the unnerving issues that would be raised to their HR departments.

Fifteen or even five years ago, companies were boasting to their employees of high matches on 401(k) and 403(b) plans, communicating to them: "save and be rewarded".

But since the downturn, they've cut their matches and communicate a different message to employees: "sorry, you're on your own".

"It's not about saying, 'hey look what we can offer you, anymore'," says Liz Davidson, CEO and founder of Financial Finesse, the nation's leading provider of unbiased financial education.

"It's about damage control."

The economic crisis has completely shifted the paradigm of Human Resources, she says.

Now, HR departments are facing issues like low morale, high employee financial stress, pre-retirees being forced to work longer than they expected, and heightened numbers of loans and hardship withdrawals; already 12 percent of major corporations across the U.S. have cut their matches in response to the crisis, according to a study by the Bureau of National Affairs.

But Davidson says cutting 401(k) matches isn't addressing the root of the problem and says companies need to adapt in order to survive.

The quick-fix approach companies are taking to cutting costs in this recession has a lurking undertone that many are trying to ignore: factors that will ultimately contribute to higher costs in the long-run, says Davidson.

And one important way companies can adjust is in updating how they communicate benefits and provide financial education to their employees.

“The education that most companies are offering is no longer appropriate in today’s economy,” Davidson says.

She says that most companies are still focused on traditional retirement plan communication at a time when employees are living paycheck to paycheck, struggling to make ends meet.

“The result is that they are exacerbating the problem, causing employees to have heightened anxiety over factors that they can’t control—such as how their investments are performing—rather than focusing on areas that they can control, namely budgeting, saving and reducing debt,” says Davidson.

Financial Finesse’s primary research reinforces this point through findings from its Financial Helpline service, which over 500,000 employees have access to through their employers. Financial Finesse found that in 2008, 52 percent of calls focused on debt and money management issues, with just 20 percent on retirement planning and 6 percent on investing.

According to Davidson, this is good news for companies that have adjusted their financial education programs to adapt to economic conditions, because employees are eager to improve how they manage their money in this uncertain economy. She explains that companies offering their employees basic financial wellness programs are seeing results in record time.

“Employee financial wellness programs are no longer a long-term investment; now within a year, you can really make a major impact,” she says. “Our corporate clients are seeing increases in morale and productivity, and some have even been able to control health care costs by reducing employees’ stress over financial issues.”

The bottom line: giving employees the information they’re hungry for now is going to save millions later. It’s time to retire the old handbook.

###

About Financial Finesse

Financial Finesse was established in 1999 with the sole mission to provide *unbiased* financial education to people everywhere. Today, Financial Finesse is the leading provider of a full suite of financial education, coaching and counseling programs to more than 400 corporations and credit unions nationwide.