



New Year Ushers In Financially Optimistic Help Desk Calls

June 10, 2004 (PLANSponsor.com) - Employees entered the new year with renewed optimism about their financial futures, asking more questions about money management and investing, with fewer crisis calls.

Financial Finesse, whose Financial Helpline's switchboard was all aglow with the increased call volume, attributed the marked increase in the number of money management calls to the "New Year's Resolution Effect," and an improvement in the financial situations of employees. Looking back across three years of financial helpline calls, the provider of information to help people become financially independent and secure, said over the past three years there has been a "consistent pattern in how employees think about and manage their finances" that is most pronounced at the beginning of the year when "New Year's resolutions take hold."

During the first three months of the year, Financial Finesse finds employees make resolutions to "get their finances in order," and thus utilization of the firm's Financial Helpline services is at it peak. "We find that calls and topics are more proactive in nature."

The proactive attitude and trend toward saving and planning is definitely noticeable across the aggregate. Compared with previous examinations of helpline data, Financial Finesse found the number of budget and saving calls from 17% at the end of 2003 to 19% during the first three months of 2004. Specifically, employees wanted to know:

- How do I put together a budget?
- How do I manage my financial affairs after a divorce?
- How do I manage the stress of my money problems?
- I need help evaluating my financial situation due to a change in employee status.
- Is it better to pay down my debt or increase savings and investment?

Overall, budgeting and saving questions were second only to the 34% of calls focused on debt. However, Financial Finesse points out that the number of debt calls was down from 39% of all helpline calls in the fourth quarter, which was a drop of 11% versus 2003's numbers.

Debt calls were then followed by the 12% of calls being directed toward tax related questions - no doubt spurred by the fast approaching April 15th date. Making up 10% of all calls was the broad miscellaneous category - estate planning, stock options, education planning. Rounding out the list of help topics was:

- Retirement planning - 9%
- Homeownership - 7%
- Finding a financial planner - 5%
- Investing - 2%
- Insurance - 2%

Building on a trend noted in the last quarter's results, Financial Finesse broke out investing and insurance calls into separate categories, after they had both been pigeonholed into the miscellaneous category. Last quarter, the firm noted a rise in the number of investment calls, from the 2% norm to 4% of total calls to the financial helpline (See [Help Desk Call Volume Points To Mounting Retirement Concern](#)). This was particularly noticeable when compared to years past, when the fourth quarter saw a decline in the number of savings and investment related questions, as employees traditionally became more reactive to their finances, Financial Finesse said.

Plan Sponsor Interest

Financial Finesse said plan sponsors also have reason to be optimistic, projecting a rise in participation rates in retirement plans. Pointing toward an improving post-dot com era economy, the firm said employees will begin to



believe they can again afford to save for retirement. "The number one reason that employees do not participate in their company-sponsored retirement plans is because they cannot afford to do so. Once this obstacle is removed, employees will be in a much better position to participate in their retirement plans," Financial Finesse said.

For plan sponsors to get the jump, Financial Finesse recommends increasing plan communication efforts to take advantage of a rising tide of personal financial situations. Also, the firm says plan sponsors should consider offering debt counseling and money management education to lower-income employees, in an effort to stop these workers who routinely tap into their retirement plans for short term infusions of cash.

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