

work/life TODAY

Volume 9 • No. 2 • February 2005 | www.worklifetoday.com | The newsletter for work/life professionals

Financial education becomes workplace staple

Firms push retirement planning, but employees need basic debt management skills

Low participation in the retirement plan prompted benefits staff at Children's Health System in Birmingham, Ala., to ask employees why they weren't saving for the future. They heard two excuses: Employees felt they couldn't afford to save for retirement because of pressing financial concerns; and they figured Social Security would cover their golden-year needs.

That's when the system hurried a financial education program onto its menu of employee benefits.

Workers "have a false sense of protection," says Brooke Vanderver, director of benefits for the system, which has 2,800 benefits-eligible employees.

A year later, 500 employees have participated in at-work money-management seminars or in one-on-one consultations with financial planners, calls to a telephone helpline or visits to an employer-supplied Web site full of financial planning information.

Over the same period, participation in the system's retirement savings plan has grown from about 62 percent to 72 percent.

The cost to the company: about \$25,000 a year. What it gets in return: employees who spend far less work time taking calls from bill collectors and worrying about making ends meet.

Thomas Garman, professor emeritus at Virginia Tech, estimates that at least 15 percent of American workers are so stressed about money that it affects their work. Half waste more than 20 hours a month dealing with money matters and half admit they moonlight to make ends meet.

And that's not just low-income workers. An Associated Press poll found in December that half of Americans say they worry about their debt and 20 percent say they worry about it all the time.

The good news, says Garman, is that many large and mid-sized companies have gotten the message that productivity suffers when employees have financial problems.

"On the bad-news side," he adds, "half of them don't get it yet."

Indeed, the Society for Human Resource Management estimates that just 29 percent of companies offer general financial education to employees.

That number is increasing every year, says Liz Davidson, CEO of Financial Finesse, a San Francisco-based financial education firm with 350 employer-clients.

"In 10 to 15 years, there will be a day when employees ask their employers: 'What are my financial education benefits?'" she says. "In the last five years, it's really evolved from [occasional] programs."

The programs employees are most interested in, says Davidson, whose instructors do not sell products or recommend stocks, teach basic money-management skills, not how to plan for retirement. "The No. 1 issue is debt," she says. "Next, it's budgeting and savings. Then, it's retirement."

And they want the information in an easy-to-understand format, notes Les Ginoza, vice president of marketing for Farmer's Insurance Group Federal Credit Union in Los Angeles, who notes that even employees of a financial institution can have a hard time when it comes to deciding where to invest their own money.

"A lot of employees have sat in classes, and it would go over their heads," he says.

*"There will be a day when employees ask their employers: 'What are my financial education benefits?'"
—Liz Davidson, Financial Finesse*

Davidson suggests that employers offer a variety of formats, ranging from classroom seminars to personal consultations to self-guided Web sites, so each worker can choose a comfortable way to learn.

But confidential, one-on-one consultations work best for most, says Kellie Richter, vice president of products and marketing for American Express in Minneapolis.

“Many people will attend seminars or make use of Web site tools,” she says, “but when it comes down to making major financial decisions, it takes the understanding of a person's situation.”

Someone who works in human resources, notes Davidson, can't take on that job.

For starters, she says, benefits managers can get into legal trouble for giving financial advice—especially if a suggestion doesn't work out to the employee's advantage.

And most employees are uneasy about sharing personal information with their employer, adds Ginoza.

“At first, some of the employees thought [the financial education vendor] would report their financial health to senior management,” he says. “We had to make it very clear the information was confidential.”

And he had to repeat the message often.

“We talk about it all the time” to advertise the educational seminars, he says.

So does Vanderver: “Even after a year [most employees] still don't know this is a benefit to them for free,” she says.

Once they get the message, says Ginoza, they upgrade not only their financial health, but their work and their regard for the company.

“It goes back to taking care of the entire employee's well-being,” says Ginoza. “We provide health benefits because we want them to stay healthy. If they're under significant financial stress, that's not going to help their work performance at all.”

Contacts: Liz Davidson, Financial Finesse, (310) 802-6853, liz.davidson@financialfinesse.com