

BEST PRACTICES IN Compensation & Benefits

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How to Increase Pay Satisfaction With Financial Education Programs

According to CareerBuilder, 27 percent of job leavers cite compensation and career advancement reasons, making this the principal factor affecting employee turnover. A Virginia Tech study found that employees with high debt levels, who struggle to pay their bills, are up to three times as likely to quit or have performance problems at work. They are also more likely to feel their compensation isn't fair and ask for pay increases.

You can significantly lower your turnover, improve morale, and increase employee performance simply by helping your employees better manage their paychecks. Consider these best practices to build a program that will increase your employees' pay satisfaction:

1. Focus on money management skills: debt reduction, budgeting, and saving for emergencies. Many workplace financial education programs focus on retirement planning and don't address employees' current financial issues. In fact, they can make these problems seem more insurmountable by reinforcing the fact that financially stressed employees are failing to both manage their current expenses and to plan for their future.

2. With a small workforce (under 500 employees), focus on personalized financial planning and counseling.

Studies show that personalized financial education is more effective at changing behavior than any other method. Workshops are an excellent tool to launch a program, but personalized, one-on-one support should be available too. With a larger workforce, a combined approach works best, as it's difficult to accommodate all employees in a personal setting. Combining multiple channels gets the message across, from group workshops

to online content to financial planning kits. Personalized financial planning and counseling should be a component of your program, as it's the most effective way to change habits, but other methods will enable you to reach more people and accommodate different learning styles.

3. Make sure the program is confidential and does not in any way target or embarrass individual employees.

Financial problems can be embarrassing, even humiliating, so any program that exposes financially stressed employees won't succeed. Unless employees' financial problems are jeopardizing your ability to succeed as a business, you should make the education voluntary. Mandatory education is only recommended in crisis situations. In the absence of a crisis, mandatory education is usually perceived as an agenda of management rather than an employee benefit.

4. Practicing financial planners may not be suitable for this education.

Planners are typically compensated on the basis of assets under management, and people with financial problems generally have minimal assets to invest. As planners work with people who do have money to invest, they may not have experience dealing with people who have high levels of debt. Instead, consider using credit counseling, financial education companies, or nonprofit agencies that focus on financial literacy.

Financial Finesse is the leading provider of a full suite of financial education, coaching, and counseling programs to over 350 organizations. It works with corporations to design company-specific financial education programs that address a variety of business and human resources needs. Contact: www.financialfinesse.com or 866-733-2677.