

# Retirement Plan Success: A Tale of Three Hospitals

## The Problem

Children's hospitals across the country are at a cross roads with their retirement plans. Despite the fact many children's hospitals have generous retirement plans, participation in their defined contribution plans is typically quite low—often as low as 20% of eligible participants, rarely above 50%. Many are also in the process of retiring costly Defined Benefits Plans—a transition that is difficult to manage in an environment where it's already tough to recruit and retain nurses and other medical personnel.

These issues are compounded by employees' financial problems. We've worked with over 350 different companies in a wide array of industries, and have found that employees in hospitals and manufacturing companies have more significant financial issues than employees who work in other industries. In both sectors, HR professionals tell us they are spending huge amounts of time processing 401(k) loans, hardship withdrawals, wage garnishments and payroll advances. They are also very concerned about the impact employees' financial problems have on workplace performance. In a hospital environment where children's lives are at stake, the implications of employees' financial stress are enormous.

A recent study by Dr. Thomas Garman, a researcher from Virginia Tech, found that 25% of employees across the country are so stressed about their financial situation that they spend 30-80% of their time at work focusing on their own personal finance issues—a productivity drain that can cost their employers tens or hundreds of millions of dollars each year.

## The Solution

As a partner of CHCA, Financial Finesse works with children's hospitals around the country to help them maximize the value of their retirement plan, manage critical plan design changes, and address employees' financial issues. In all cases, we've customized the programs to meet the hospital's specific needs and in all cases the hospital's needs and objectives have been different. Most programs combined live workshops with personalized financial counseling and coaching. Others incorporated online education to reinforce the learning and reach employees with untraditional work hours who couldn't attend workshops.

All programs were holistic in nature. Rather than focusing on discrete financial topics, the focus was on the employees and what they needed to do in order to achieve their financial goals. In the process, we helped employees save their homes from foreclosure, fund their children's college education, plan for retirement, develop wills and trusts to protect their estates, and address the myriad of financial challenges that they face on a day to day basis and throughout their lives.

### Best Practices

#### #1: **Unbiased programs, designed to educate, not sell.**

For the education to be effective, it should be delivered by a company that does not sell any financial products or services so there is no conflict of interest or any reason to promote certain investments. If you use your retirement plan provider for enrollment meetings, it should be clearly delineated from the personal financial education program during retirement plan meetings. Employees will understand that the education was provided to them by a financial education company whose sole compensation comes from educating, not a financial institution that wanted to sell them services.

#### #2: **Incorporate multiple learning channels to accommodate different learning styles—enabling employees to access the information in the way that is most helpful and convenient for them.**

For employees who love to learn in a group environment and have more flexibility in their schedules, workshops work best. For those who prefer one on one counseling, Personal Financial Consultations and a toll- free Financial Helpline service that provides confidential, one on one guidance to help employees with their specific situations, has proven to work well. Online education is available for those who prefer to learn online, on their own time and at their own pace. Offering multiple learning channels will result in a high percentage of employees utilizing the service.

#### #3: **Personalize the financial counseling and coaching so that employees can get specific guidance on their own financial**

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## Case Studies

### Children's Hospital of Pittsburgh

We worked with the Children's Hospital of Pittsburgh to create a hospital-wide financial education program designed to increase plan participation and help the hospital effectively retire their Defined Benefits Plan. **Nine months after the program was launched plan participation doubled from 20% to 41%** and the company was able to successfully retire their Defined Benefits Plan with no complaints from employees. Over the same period, turnover of nurses decreased from 21% to 12%.

### Children's Health System of Birmingham

Children's Hospital wanted broad-based financial education to compliment the plan communication they received from their plan provider. Although happy with their retirement plan, they were dismayed that less than half the employees were participating and those that were often were deferring just 1-2% of their salaries into the plan. The hospital realized that their plan communication efforts were not sufficient: Employees recognized the value of the plan but didn't feel that they could afford to participate. It became clear that these employees needed ongoing guidance and counseling to better manage their money so that they could afford to save for retirement.

We worked with Children's Health System of Birmingham to design a program to reach employees who weren't participating and help these employees develop better money management and investing skills so that they could begin to plan for retirement. The program exceeded expectations. After years of stagnating and declining participation, **Children's Health System of Birmingham increased their retirement plan participation by 17% within a year of launching the financial education program.** In this case, we worked closely with the plan provider to address employees' who were not participating.

### Arkansas Children's Hospital

Arkansas Children's Hospital was deeply committed to employees' wellness and wanted to launch a financial education program as a new employee benefit so that employee had the tools, guidance and resources to achieve financial wellness. Their interest was in changing employees' financial behavior so that employees who were overspending or investing foolishly could take steps to manage their money more wisely and ultimately, to achieve critical financial goals. The hospital recognized that employees with significant financial problems couldn't begin to plan for retirement or other financial goals, and wanted a program that would focus first and foremost on helping employees to better manage their money.

We partnered with Arkansas Children's Hospital to create a program that was entirely focused on changing employees' behavior. Just 45 days after launching the program, the hospital surveyed the

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**situations.** In our studies, personalized programs have a much more enduring impact on employees' than workshops or online education alone.

**#4: Education should be on-going not just a one off event – and by offering unlimited access, employees can use the service as often as their personal needs dictate.** This was another major factor in the success of the programs. Studies show that on average information has to be repeated seven times before people remember what they learned and act upon it, so reinforcement is a must. In addition, most people need ongoing coaching to sustain behavioral changes, such as controlling their spending and investing for the long term. Without some sort of ongoing support, people tend to revert to old habits.

**#5: Market the programs as a new employee benefit, as a "Personalized Financial Coaching Benefit".** Employees are highly appreciative of any benefits they receive from their employers, particularly hospital employees who are in highly stressful jobs. They are also more likely to use the program if it's positioned as a benefit. Too often the focus is on the individual service and it's marketed as a "workshop" or "financial consultation" or "financial helpline" or "online content". Employees perceive less value in an individual service as opposed to an employee benefit. Ultimately employees will be less invested learning when services are marketed on a standalone basis rather than as an integrated as a "Personal Financial Coaching Benefit".

participants to determine how they had changed their behavior after the program. The results were significant: **84% said they had taken action to resolve their problems and achieve their goals. 75% said their attitude towards their finances had changed and that they felt more confident about their ability to achieve their short and long term financial goals.**

## **Conclusion**

Implemented correctly, financial education can be one of the most powerful benefits you offer your employees. By learning how to better manage their money and invest for longer-term goals, employees can improve both their lives today and in the future. With ongoing counseling, guidance and coaching, employees discover that goals that seemed entirely out of reach are actually achievable with discipline, focus and the right plan. While it maybe hard to quantify exactly what this means for your hospital, numerous studies have shown that financial education increases plan participation and reduces employees' financial stress. There are fewer organizations where this is more important than at a children's hospital.

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Financial Finesse provides unbiased financial education, coaching and counseling programs to organizations' and their employees