

ESSENTIAL COMPONENTS OF WORKFORCE FINANCIAL EDUCATION —

Many of the necessary components and services can be obtained from service providers such as consumer counseling services, local financial institutions, government resources and contract service providers at minimal or no cost.

The following are the recommended components for a work-based financial education program:

- Basic financial education, including budgeting, debt management and saving
- Financial coaching and advisement
- 401(k) education seminars and workshops
- Pre-retirement education
- Easy access to financial services
- Information and referrals to credit counseling programs

GETTING STARTED —

The goal of workplace financial education is to change and improve behaviors, not simply to provide information. Here are some steps you can take to improve the financial wellness of your employees and contribute to your bottom line:

- Integrate financial education into the overall work/life balance program.
- Know your workforce. Assess demographics, including age, current levels of knowledge, individual financial goals and interests.
- Communicate and build awareness of the program. Include articles and information in company newsletters, employee publications and on your website.
- Sponsor a variety of financial planning programs, presentations and workday seminars, all at the work site.
- Host events during off-hours and encourage family members to participate as well.

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THE CASE *for* *Financial Education at the Workplace*





Financial concerns may be a personal matter, but they directly affect the workplace. Research suggests that 15–20 percent of employees have financial problems severe enough to negatively affect productivity. A financially stressed employee spends an average of 20 hours per month of work time on his/her personal financial problems.

There has always been a need for personal financial education, but the need has increased during the last several years with changes in the financial services industry and the structure of employee benefits. Among these changes are:

- A shift away from defined benefit plans toward defined contribution plans. In 2004, defined contribution plans outnumbered defined benefit plans 4 to 1;
- A reduction of the number of company credit unions and local community banks; and
- An expansion of and increased access to financial products due to technological advances.

BENEFITS TO THE EMPLOYER

Employers benefit from a financially educated workforce in several ways. Research suggests that a well-executed workplace financial education program is likely to:

- Reduce absenteeism
- Moderate turnover rates
- Decrease direct employer costs related to wage garnishments, bankruptcies, payroll deductions for child support and alimony, and administrative costs for borrowing against retirement plans
- Increase employee productivity
- Increase contributions to the company 401(k) program
- Increase employees' allegiance to their company
- Reduce the incidence of employee theft

BENEFITS TO EMPLOYEES

Employees who participate in workplace financial education programs have the opportunity to:

- Change behaviors that negatively affect job performance
- Build assets and reduce debt
- Gain appreciation for and participate at a higher level in employer-provided benefits
- Increase their ability to retire early or on time

COSTS TO THE EMPLOYER

- Costs to the employer will vary, depending on the provider and number of employees
- Studies indicate a return on investment of up to 3:1 to the employer in increased productivity and reduction of direct costs

