

trends benefit financial education in the workplace



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Many Canadian workers are struggling to overcome substantial financial challenges, including covering emergency expenses, saving for retirement, and paying off credit cards and other debt—struggles that were exacerbated by the COVID-19 pandemic.

These challenges have an impact on the workplace since they can increase worker stress, presenteeism and absenteeism as well as harm morale. Feeling a responsibility to help employees and plan participants become financially literate managers of their money, many employers and plan sponsors offer workplace financial education programs.

A new International Foundation study, *Workplace Wellness and Financial Education Programs: 2022 Survey Results*, reveals details about these programs, including organizational status and approach, educational goals, challenges faced, the use of data/metrics and outcomes. The study collected responses from 361 corporations, multi-employer trust funds and public employers across Canada and the United States. This article explores the financial education initiatives offered by 361 Canadian and U.S. survey participants.

Current Status and Approach

As an overall approach to financial education, about one-half of respondents (46%) say their organization feels a responsibility to educate on pension and benefit options, encourage retirement savings and help participants become financially literate managers of their money. Conversely, only 3% of respondents feel no responsibility to educate their workers on financial matters.

Respondents have a number of goals in offering education initiatives, including improving participants' ability to manage their money (61%), understanding of current benefits (60%), satisfaction/appreciation of current benefits (53%) and asset allocation/investment decisions (53%). A

similar proportion (47%) aims to reduce worker money problems so they have less stress and are more focused on their jobs.

When asked how long their financial education benefits have been offered, 49% stated five or fewer years, while 36% have offered initiatives for more than ten years.

Organizations tap a wide range of workplace financial education providers, including plan record-keepers/administrators (47%), employee assistance programs (EAPs) (46%), financial planners (30%) and investment managers/providers (30%).

Challenges and Obstacles

When asked which financial challenges had the largest impact on worker performance, respondents most commonly cited covering an emergency expense (58%), trouble saving for retirement (43%), paying off credit cards and other debt (40%), paying medical expenses (34%) and paying off personal student loan debt (31%). Other prevalent challenges include covering basic living expenses (31%), supporting elderly parents (26%) and saving/paying for dependent education expenses (25%). Organizations said these financial challenges have a substantial impact on worker stress (77%), presenteeism (55%), morale (36%), absenteeism/tardiness (35%) and physical health (29%).

For respondents, the biggest obstacles to providing financial education include a lack of time or resources (46%), lack of interest among workers (40%) and multiple shifts/locations of the workplace (28%). Organizations were less likely to cite the cost of providing education (14%) and a lack of support from organizational leaders (14%) as substantial obstacles.

Topics and Methods

Financial education programs can cover a substantial number of topics. To target their ef-

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forts more effectively, about one in four (23%) organizations assesses which specific topics are most needed, with an additional 39% considering doing so in the future. The topics most frequently addressed in financial education are retirement plan benefits (64%), budgeting (50%), preretirement financial planning (47%), investment management/asset allocation (43%) and debt management (42%). Other topics include insurance (35%), wills and estate planning (35%), postretirement financial planning (33%), borrowing/loans (33%), avoiding scams/identity theft (32%), life insurance (31%) and retirement plan distribution/decumulation (30%).

About nine in ten organizations (87%) provide some sort of financial education initiative. Some of the most common formats and tools include voluntary classes and workshops (54%), retirement income calculators (52%), projected retirement account balance statements and/or pension benefit statements (42%), free personal consultation services (40%) and new-hire/participant orientations (39%). Responding organizations also offer internet links to informational sites (37%), on-demand benefit statements (29%), online courses (29%), retirement mod-

eling software (25%) and gap statements that compare current savings with projected retirement needs (22%).

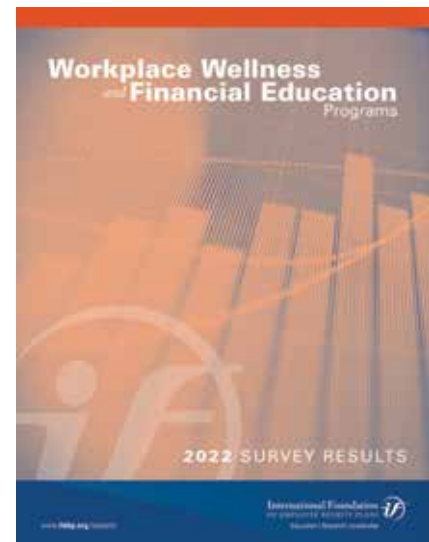
Respondents identified voluntary classes/workshops (47%), free personal consultation services (39%), retirement income calculators (26%) and new-hire/participant orientations (23%) as the most effective education methods.

About three in ten organizations (29%) provide education in languages other than English—mostly Spanish (22%) and French (10%). More than one in four respondents (25%) provide financial education to spouses/partners, and more than one-sixth (17%) offer education to retirees.

The demand for financial education initiatives is highest when significant financial events occur in one's life. Many organizations recognize this reality, with more than four in five (81%) targeting education based on life events. The most common life events targeted are approaching retirement (74%), purchasing a home (27%), funding education for a dependent (24%), managing significant health events (19%) or having/adopting a child (17%).

Use of Data/Metrics

Only 13% of organizations currently have a budget for financial education, but



an additional 17% are considering adding one. To gauge program success, organizations are tracking defined contribution (DC) plan participation rates (34%), attendance/productivity data (22%), participation rates for specific initiatives (19%) and autoenrollment opt-out rates (19%) as well as worker deferral/contribution rates (19%). Responding organizations report that, on average, about 32% of their workforce uses their financial education resources/services.

Workplace Wellness and Financial Education Programs: 2022 Survey Results is available free to members at www.ifebp.org/research.



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