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Web Industries: Investing In Employee Financial Wellness

By Krystal Bailey PFEFF April 2015

Web Industries, a material-converting and manufacturing company, was started by Robert Fulton in 1969. In 1985, Fulton began offering stock to the employees, and in 2000, the company became 100 percent employee-owned. Josh Chernin, the Vice President of European Operations, says that Fulton felt that though he had started the company, the employees had built it. Consequently, he wanted them to have ownership in something they had contributed so much to. Chernin says that the company's goal now is to be a good corporate citizen and carry on Fulton's ownership philosophy. Its application is seen notably in Web Industries' goal to educate its employees in financial literacy and in understanding their ESOP (Employee Stock Ownership Plan) and company financials.

The company provides several courses on personal financial management for all of its employees. There are ten classes available on topics ranging from personal budgeting to mutual funds. The theory behind promoting financial literacy to employees, both personally and on a company level, is that people ask better questions about the company's financial decisions when they are well-educated about financial matters. Employees understand why the company may or may not choose to invest in a new technology, for example, based on the return on investment. It helps employees understand why some of their ideas might be rejected even if they are fairly good ones. But more than that, Web Industries shares its financial information with its employees. For example, employees know when the company is over or under budget.

The push for financial literacy and gaining a better understanding of the ESOP and company finances began in the early 1990s. It didn't begin as a grand plan, but Chernin says it's become one now and Chernin actually presents financial literacy workshops himself. These workshops are specific to each plant and are given three to four times at one plant to accommodate different shifts.



Web Industries: Investing In Employee Financial Wellness Continued...

Recently, he presented the workshop "What is Equity?" at Web Industries' plant in Germany. He constructed two scenarios of starting a business and going to the bank for an auto loan on a company van. In one scenario, the business goes bust and the bank ends up with the van, but in the other scenario, the company makes millions of dollars so the bank only gets interest. Examples like this help employees to understand what it means to be an owner rather than a creditor, and the relationship between risk and reward. In turn, employees appreciate their own ownership in the company and are enabled to make better decisions.

While there are a few other employee financial literacy programs in the United States, they are almost unheard of in Europe. When the plant in Germany started four years ago, the new German employees were almost incredulous when told that Web Industries gave employees ownership; it was especially remarkable to some employees who had grown up in East Germany. But since the plant's beginning, there has been an enormous amount of education, borrowing from the program for U.S. plants. A mirror plan was developed since German employees can't participate in the ESOP, and overall, it has been a great experience for all involved.

Web Industries' efforts to promote financial literacy among their employees have shown over many years to have distinct and measurable results. But, most important may be the attitude that it promotes. Employees are more empowered not only in their current work but in their personal lives as well. If these types of programs became more widespread in the United States, there could be a marked difference in financial decision-making. And while the benefit may not be seen immediately, there could be a trickle-down effect that increases economic health for many employees. Web Industries' greatest investment seems to be in their workers: the return on that investment seems to be apparent in their continued growth and success.

Financial Wellness Programs Gain Traction

By Sonya Stinson • Bankrate.com March 2015

Workplace wellness isn't just about your physical fitness anymore. Many employers have broadened the concept beyond health care to include programs that help workers get their finances in shape.

"I think financial wellness is becoming more than a buzzword," says Bob Harris, director of financial wellness at Waddell & Reed, a Kansas City, Kansas-based asset management and financial planning firm that customizes financial wellness programs for clients in a wide range of industries. "It's something that most employers are considering as an important part of their overall wellness program."



Financial Wellness Programs Gain Traction Continued...

Often these programs are offshoots of the planning assistance that employers provide to participants in a 401(k) or other retirement savings plan. But now employers are broadening the scope of these programs. In a recent Aon Hewitt survey of more than 400 U.S. employers, three-quarters of respondents said they were likely to expand employee benefits focused on promoting financial well-being beyond retirement decisions. Twenty-five percent said they were very likely and 36 percent said they were somewhat likely to offer employees help with budgeting and managing their money.

61% Of Employers Are Likely To Offer Services That Help Workers Manage Day-To-Day Finances

Programs employ different tactics

If your workplace doesn't already offer a financial wellness program, a few examples of how others are successfully implementing this benefit might help give the boss a nudge. "Financial Wellness at Work," a Consumer Financial Protection Bureau report published in August 2014, looked at the programs of five companies: Nebraska Furniture Mart, health care provider QLI, Staples, Goodwill of Central Texas and Pacific Market Research. The survey found that these employers use a variety of methods to help employees enhance their basic money management skills, reduce high-interest debt and save more for retirement. Most of the programs include some sort of initial assessment of employees' needs, followed by counseling or course instruction.

Pacific Market Research, a survey company in Seattle with 350 employees, implemented a program run by Neighborhood Trust Financial Partners that offered individual counseling and classroom lessons on such topics as budgeting and handling debt. Some of the program's most lasting results came when fellow employees encouraged one another and held each other accountable for following their financial plans, according to the CFPB report.

The vampire approach

To combat low participation rates in its 401(k) plan, Staples uses an online game called "Bite Club," where players get a chance to manage a night club for vampires. "As they play, employees must decide between priorities like investing in a 401(k), paying off student debt and buying some 'bling,'" the CFPB report said.

"Bite Club" was developed by the nonprofit Doorways to Dreams Fund, based in Allston, Massachusetts. The organization develops online and mobile financial education games, with low- to moderate-income workers as the primary targets, says Nick Maynard, senior innovation director.



Financial Wellness Programs Gain Traction Continued...

"Bite Club" was so popular with employees that Staples launched another game called "Farm Blitz" at its November 2014 financial wellness fair. This game focuses on building emergency savings, Maynard says. Players try to generate income by matching rows of vegetables. They can save money by acquiring trees, which represent savings accounts or certificates of deposits that grow at a 3 to 4 percent annual percentage rate, or APR, throughout the game. As they purchase supplies using their imaginary credit cards, they accumulate bunnies, which represent debt that multiplies at a rate of 20 to 40 percent APR.

Customized programs

New York-based Neighborhood Trust Financial Partners calls its customizable financial wellness program "The Employer Solution." The nonprofit organization's clients include home health care businesses, fast-food franchises and a home-cleaning services company, says Aaron Charlop-Powers, director of external relations.

Managing cash flow and controlling debt are two of the most common issues weighing on the employees that Neighborhood Trust counsels. Advisers begin by helping these employees create a budget and a cash flow calendar to track their finances. To tackle debt, the program helps workers understand what's in their credit reports, how to dispute erroneous information and how to create a debt repayment plan.

One-on-one instruction most helpful

Waddell & Reed's financial wellness programs offer three components: classroom instruction, individual counseling and online information. Clients can pick from nine courses on topics ranging from cash flow, credit and debt management to estate planning. Some employers sign up for all nine courses; others want only two or three, Harris says. Typically, the courses are taught at or near the work site, and each session lasts 30 minutes to an hour.

The online component makes it easier for employees who work late shifts or who are geographically dispersed to take part in the program. But the one-on-one planning is the most important feature, in Harris' view, because it gets employees to apply what they learn to their financial decisions.

While some employer financial education programs focus especially on low-income employees, Harris says workers at every income level can use help becoming more financially literate and financially fit.

"It doesn't matter how much money you have," Harris says. "What does matter the most is the decisions you make with that money."