

Welcome to April and *Spring* into Financial Literacy Month

APRIL 2016

Certainly, April showers bring May flowers, but in an effort to highlight the importance of financial literacy and teach Americans how to establish and maintain healthy financial habits, the U.S. government recognizes April as National Financial Literacy Month.

And, this year, President Obama declared April 2016 to be National Financial *Capability* Month.

Many of the country's financial institutions and nonprofit financial educational organizations promote the month by holding promotional events and creating educational materials that center around effective budgeting, dealing with debt, and planning for retirement.

At the Heartland Institute of Financial Education (HIFE), financial literacy is celebrated during the month of April and, literally, each and every day in the quest to support and spread its mission to people in North America and Asia.

HIFE is national 501(c)(3) non-profit organization whose goal is to promote financial literacy, which is fundamental to the foundation of any successful society. HIFE provides quality hands-on financial education courses for adults, while also providing college planning for students who will become the adult leaders of the future. This education is provided by experienced financial professionals who are recognized by The Institute as qualified

Instructors in the Registry of Certified Financial Educators® and by those who have achieved the College Consultant Certification.

Supported by a Consortium of Colleges and Universities across the United States, HIFE specializes in offering financial wellness education courses for companies and their employees as well as providing a college planning program to help students and parents successfully navigate the complex college planning, selection and financial aid process.



Financial literacy begins moving into the workplace

Yahoo Finance By Carmen Chai February 2016

As consumers struggle to make decisions in an increasingly complex financial world, experts say workplace financial education programs are ideal for teaching people about money in the very place they often make decisions about it.

According to the Standard & Poor's Ratings Services 2015 Global Financial Literacy Survey, 43 percent of Americans are not financially

literate, based on five questions about four key topics: risk diversification, inflation, interest and compound interest. Only 57 percent of U.S. credit card holders understand the concept of interest.

The U.S. education system has begun addressing this problem, but data is inconclusive about the effectiveness of school programs.

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Financial literacy begins moving into the workplace (cont.)

Some experts say financial lessons are most effective when you receive them as you need them – a "just-in-time" approach. For instance, a high school senior might be very teachable on the subject of car financing or student loans but not so much on mortgages or retirement planning.



That's where employee education programs come in. "The workplace is another place consumers turn to for financial information," says Janneke Ratcliffe, an assistant director for the office of financial education at the Consumer Financial Protection Bureau (CFPB). "For many adults, it's the only place they'll receive any financial information at all ... and it's through the workplace that people make critical financial decisions."

There's an incentive for employers, too. Financial education is a recruitment and retention tool that increases productivity, and decreases sick days and access to health plans, according to Bruce Elliott, manager of compensation and benefits at the Society for Human Resource Management. "Employers don't do this to be nice," he says. "Employers that adapt will have a real edge."

Beyond retirement planning

The CFPB is working with employers, providing ideas about what

kinds of programs and information they could offer workers. Some employers, in turn, are reporting back to the CFPB on what they're finding effective. A review of those programs is included in the CFPB's 2014 financial wellness at work report.

Ratcliffe says the workplace is the first point to put financial lessons into practice as adults learn them. "It's a teachable moment," she explains. "The moment you introduce an idea and encourage employees, you also give them the decision on what to save and what to put away into retirement."

Traditionally, workplace education centered on retirement planning, but CFPB research in recent years shows that Americans need information about other topics, including credit scores and reports, student loan repayment, managing debt and collections, and building emergency savings. "People can't establish long-term financial security until they have [security] in the present moment," Ratcliffe says.

Quality Living Inc., a rehabilitation residency in Omaha, Nebraska, is finding success in this approach. Alicia Elson, QLI's vice president of human resources, says more than 150 employees have taken part in its program since it began in 2005. The company outsources the training to Waddell & Reed, a financial planning firm, for an eight-session class that covers money management, budgeting and financial planning, among

other issues.

Following the two-month course, employees and their immediate family members have one-year access to a counselor to create and carry out customized debt repayment and financial plans.

QLI covers 50 percent of the cost while employees have to cover the other half – roughly \$160. "We feel they have to have some skin in the game," Elson explains.

The company's investment in financial literacy is paying off: Elson says QLI records fewer sick days and higher productivity. Workers are saving their vacation time and planning leaves because they can afford trips.



QLI collaborated with Waddell & Reed to carve out a second tier course for doctors, speech therapists and other specialists in high demand. Their focus isn't on debt repayment or budgeting. Instead, they're interested in retirement planning, life insurance and investing, for example.

In a war for talent in the medical industry, QLI is hoping this extra benefit will be an enticing recruitment tool.

Financial literacy begins moving into the workplace (cont.)

Different lessons for different life stages

Employers need to take a personalized approach, according to Gene Lanzoni, assistant vice president of group and worksite marketing at the Guardian Life Insurance Company of America.

He says his organization's annual workplace benefits study suggests employees' desire for financial education is steadily increasing.

"They're really making

these choices and these decisions kind of in the dark," he says. "Whatever the employer can do to provide support can add value."

In its 2015 report, researchers found Americans who had entered the workforce within the past five years said they wanted guidance on how to address their immediate financial needs, such as paying bills and reducing debt. Older workers – those within five years of retirement – had different priorities, zeroing in on creating a comfortable retirement with sufficient savings.

"There's a call for a more tailored kind of recommendation, it's not one-size-fits-all," Lanzoni says.

To reach employees at different life stages, tools need to be varied and far-reaching.

Take the U.S. Army, for example: it's using online portals, mobile phone apps, and in-person and phone consultations to help educate its soldiers and civilian



employees on financial matters.

During the 2015 fiscal year, 460,000 soldiers (including retirees) and their loved ones completed financial training. Gale Johnson, the financial readiness program manager for the U.S. Army's Installation Management Command Family Programs, says the military's "lifestyle-based" approach to financial readiness starts with eight hours of mandatory financial education in basic training and carries on until retirement or separation from the military.

Keep in mind, the U.S. Army's employees have unique financial needs – families are separated when a soldier is deployed, relocation is common and they need constant credit checks for their security clearances. "When we're talking about challenges for our military members, it's coupled with security clearances, which can hinder and hamper them," Johnson says.

"The financial readiness of soldiers and their families has a direct effect on army



readiness," she says. "Soldiers can't do their jobs if they're worried about money at home."

After initial training, at their

first post, soldiers can opt in to complete further financial training or their commander can make a referral. "Commanders know their soldiers, their families, they interact, so they're able to intervene early before there's an issue," she explains.

"Our army community service members are trying to break the stigma so folks come through our doors," she says.

Elson says financial education has had that effect at QLI. At first, supervisors tapped employees for financial training, but as more workers returned with success stories, the program's popularity grew. Saving your first \$1,000 or paying off and closing a credit card became common water cooler talk. "When your team members are all doing it, it becomes the cool thing to do. Everyone cheers you on," she says.

Measuring effectiveness

To measure the Army's success, West Point Assistant Professor William Skimmyhorn combed over 33,000 credit reports and found that course attendees reduced their debts tied to credit cards, auto loans and finance loans by about \$635, or about 10 percent.

The Army's eight-hour course costs the Department of Defense about \$240 per employee, according to estimates in the CFPB's report. Other types of corporate wellness programs typically cost about \$144 per employee (QLI says it spends \$160 per employee).

Elliott says the SHRM conducts

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lunchtime literacy programs for employees at no cost to employees. The organization works with banks and vendors for information sessions on saving, paycheck planning and how to decode your credit report.

Annually, employees sit down with human resources experts to go over medical plans, retirement savings options and any other questions they may

have about payroll or benefits.

Elliott advises companies to "Keep it simple and brief and offer free food," especially for employees who are paid hourly wages and not salaries. Use webcasts if you're reaching employees near and far, he says.

He's certain financial literacy is here to stay, and its best bet is in the workplace. "If it

does find a home, it will be in a wellness program because that's where it belongs," he says.

"We know there's a direct link to financial hardships, stress and well-being. If you're under stress, you have a better chance of getting sick, which results in an expense to the organization."

[http://finance.yahoo.com/news/financial-literacy-begins-](http://finance.yahoo.com/news/financial-literacy-begins-moving-workplace-130000450.html_vlt=AwrXgSPGechWJxoAobeTmYIO_vlu)

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HIFE Financial Wellness

The Heartland Institute partners with colleges and universities throughout the United States to provide financial education courses to businesses and their employees, organizations and their members, and even civic and community groups who desire this type of purely educational coursework and information. These courses are taught by CFE Certified Financial Educators® who have both instructional and practical business experience. Our team of certified Instructors work with organizations and their employees to outline financial training that best suits the organization and its needs.

The results of these non-solicitous classes have been amazing. Employees and private citizens who would never take the time to attend a course in financial education are joining their colleagues for class at the community center, office or plant after work. As a further incentive, spouses/partners are invited to join the class for no additional cost.

Whether your employees need help with retirement planning, cash flow planning, debt management, investment planning or other important areas of financial education, we can help.

For more information, please visit our website at www.hife-usa.org