Heartland Institute of FINANCIAL EDUCATION

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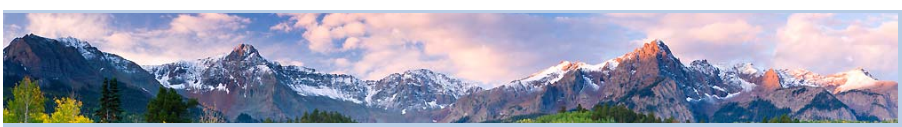
Financial Literacy in not another trendy catch phrase. It reflects a serious concern among government, private and public sector organizations deeply concerned with disturbing trends in the fiscal behavior of average individuals. This movement for a financially literate society is based on the overriding belief that people can't do better if they don't know better. Knowing better does not cure all ills related to poor fiscal behavior, but it is where we must begin. It is not surprising that financial stress is rated by employees as their number one source of stress; concerns about personal finance are five times greater than those regarding health. Do employers have a responsibility to provide some sort of aid to financially distressed employees? The short answer is yes, the workplace is where employees spend the bulk of their time and employers that offer targeted programs and incentives can dramatically improve their employees' health and finances. Employers also stand to benefit tremendously from workers' improved financial well-being. Not only are there potential productivity benefits, but it is also likely that health care costs associated with stress will be reduced.



Too Many Women Fall into Poverty in Retirement

Kenneth Corbin, Financial Planning. com March 2016

In working with clients planning for retirement, are advisors doing enough to help women?
A new study suggests not, finding that women are 80% more likely than men live in poverty at some point in their retirement.
The report, produced by the National Institute on Retirement Security, found that the income disparities between men and women widen later in life. At the age of 65, men hold a 25% average income advantage over women. By the age of 80, income for men is 44% greater than what women make, according to the NIRS analysis.
The latest findings continue what Diane Oakley, the institute's executive director, says is a longstanding disparity in the relative preparedness for retirement among men and women.
"We've actually not made much progress. We still have women feeling we're not able to save enough to get to a retirement in a secure way," Oakley said at a conference announcing the

ISSUE GUIDE

Too Many Women Fall into Poverty in Retirement (cont.)

research. "How do we help women move forward, because we seem to have spent the last 15 years kind of treading water? We haven't made that much of an advance."

Indeed, the gender gaps are sharp. Between the ages of 75 and 79, women are three times more likely to fall below the poverty line, according to the report. Women's holdings in defined-contribution retirement plans had a median value one-third lower than men's.

Many factors can help explain the retirement disparity. It has been well documented that women, on average, earn less than their male counterparts for comparable work. Likewise, women are more likely than men to take time away from full-time work for some form of caregiving -- often for children or older relatives. And women have a longer life expectancy than men, increasing the chances that they will outlive their savings.

Experts framed the issue as an education challenge.

Lara Hinz, director of programs at the Women's Institute for a Secure Retirement, described the importance of meeting women in their workplace, touting the success of workshops that employers convene to make a financial professional available to offer counsel on retirement planning.

Hinz encourages employers to develop those types of programs that would be specifically tailored for women.

"Once we get into those workshops, we see that women are thrilled," Hinz said. It's not because "they need special help," but rather because women simply have a different experience in retirement than men.

Still, education can only go so far. The authors of the new report are calling for a variety of policy changes that they say could improve the retirement picture for women, including strengthening Social Security benefits, expanding auto-enrollment in IRAs and developing more state-sponsored retirement savings plans.

President Obama has addressed some of these issues with the advent of MyRa, that is geared for workers who don't have access to a plan through their employer.

Retirement issues have also become a central focus for industry regulators, with the advisor and broker-dealer units of the SEC's exam office working together on a multi-year initiative to improve industry practices in that area.

Lauren Luchi, manager of the retiree program at the America Federation of Teachers, said she is encouraged by signs that those issues are assuming a higher profile in Washington as more officials begin to understand retirement as a pressing economic concern.

"I think people are beginning to really raise the question about Social Security and how to not just keep it and protect it, but now how to expand [it]. And that's one way that we're injecting ourselves into the conversation," Luchi said. "If you want to have a stable economy, you have stable retirement."

Source: http://www.financial-planning.com/news/industry/too-many-women-fall-into-poverty-in-retirement-report-2695982-1.html?utm_medium=email&ET=financialplanning:e6384157:2805898a:&utm_source=newsletter&utm_campaign=Mar%2028%202016-retirement_planning&st=email

How employers can help workers deal with financial stress

Mark Singer, ebn, Employee Benefit News April 2016

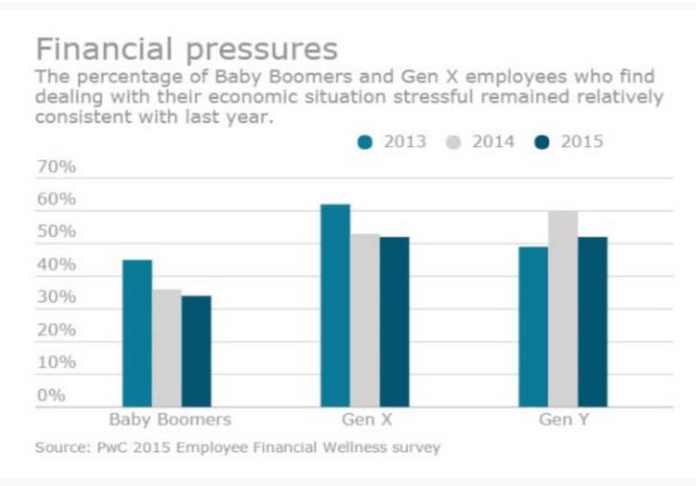
Financial pressures are impeding the job performance of nearly one out of four employees by their own admission, and almost as many employers report substantial losses in productivity as a result.

As many as 24% of American workers say they experience distractions at their jobs due to personal financial issues, according to a 2014 PricewaterhouseCoopers survey on Employee Financial Wellness. Even more worrisome, stress over finances at the workplace affects 60% of younger millennial workers—those born in the early 1980s through the early 2000s. High-earning individuals making $100,000 a year or more also report experiencing financial stress at work, busting the myth

How employers can help workers deal with financial stress (cont.)

that such problems are only experienced by low-income, unskilled employees.

Cost to employers



Employees that are distracted by financial pressures end up costing companies in several ways, and the impact on business revenue can be quite severe. Heightened levels of anxiety hurt morale and prevent workers from producing at maximum efficiency. Medical expenses and time off for injuries or illnesses due to financial stress are another major drain on a business' bottom line, as are the costs of the various programs that help employees address these issues.

Absenteeism due to financial problems is another costly issue. Approximately one out of five workers report that they have left the job early or missed work altogether in order to attend to personal financial problems. In a survey conducted by Glassdoor and Red Bull, nearly half (48%) of the respondents admitted to being overly fatigued, causing them to be distracted and mistakes during working hours.

Quote

"Close to one out of four (22%) of line supervisors and HR officers report that the personal financial concerns of their employees have taken a significant toll on production."

So how big is the impact? Close to one out of four (22%) of line supervisors and HR officers report that the personal financial concerns of their employees have taken a significant toll on production. To try and help remedy this, some 50% of employers have made efforts to provide retirement savings assistance and financial educational programs. Yet only a meager 6% of employees polled by Gallup say they feel that their employers are providing them with sufficient help to effectively manage their finances.

Unfortunately, the trend is clear enough: The number of employed Americans suffering some form of financial stress is large and growing, and this is detracting from their job performance and hurting their employer's bottom line.

Source: http://www.benefitnews.com/how-employers-can-help-workers-deal-with-financial-stress-ebn

Technology alone not enough in financial wellness

Paula Aven Gladych, ebn, Employee Benefit News March 2016

Although companies have embraced financial wellness programs in recent years as a way to help employees improve their financial health, improvements in this area remain stagnant because of poor investment market performance and slow economic growth.

Financial Finesse, a leader in the financial wellness space, said in its 2015 Year in Review that employee engagement is integral to improving their overall financial health.

Cynthia Meyer, resident financial planner at Financial Finesse and one of the authors of the Year in Review, said that her team drilled down into the data to see why financial wellness backslid a bit from 2014 to 2015. This was the first year Financial Finesse had enough data to determine if individuals had repeated interactions with their employers' financial wellness programs.

"The only areas of significant improvement were people who were actively engaging in their financial wellness program," she says, particularly those who spoke to someone regularly, either on the phone or in person. "If they had five interactions over the course of a year, their numbers were so much better."

Of the employees who participated in the financial wellness program, repeat users scored 20% better than employees who only attended one workshop or logged into the financial learning center one time.

Of those who interacted with a certified financial planner five or more times during the year, 80% had a handle on their cash flow compared to 66% of online-only users; 72% had an emergency fund, compared to 50% of online-only users; 98% contributed to their

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Technology alone not enough in financial wellness (cont.)

retirement plan, compared to 89% of online-only users; and 48% felt they were on track for retirement, compared to only 21% of online-only users.

Financial Finesse works with Fortune 1000 companies. "We're not looking at self-employed people or people who make minimum wage," she says. That's why it makes it that much more disturbing to her that half of those surveyed don't have an emergency fund.

"One-quarter of those 65 and older, who are within five years of retirement, don't have an emergency fund," she says.

Financial Finesse's research found that of individuals who make $100,000 or below a year, only half pay off their credit card bill every month.

Debt seems to be hurting African American and Latino employees the most, she says. Seventy-five percent of African American employees and 66% of Latino employees who were surveyed said that getting out of debt is a top priority.

"Debt is a problem for everybody," Meyer says. "It is not limited to certain demographics."

So what can employers do to help move the needle on financial wellness at their companies? The first thing is to understand that a technology-only solution is not enough. It is only going to get employees so far before they get bogged down, she says. Companies need to think of how they can incorporate one-on-one guidance into their financial wellness or retirement programs.

Financial education is another way employers can get more involved. They can hold workshops about tackling student loan debt or transitioning to retirement. The key is to survey employees about what they need help with and then offer educational content that is really specific and targeted to the employees at each location.

"Technology is like a scale. We can step on the scale but it is not going to tell you to do 100 pushups or give you strategies about how to handle desserts at a birthday party," Meyer says.

When the stock market starts to fall, people inevitably want to speak to a real person about what they should do because they feel nervous, she says.

Women are the heaviest users of financial wellness programs, in large part because there is still a gender gap in terms of financial wellness, education and knowledge, Meyer says.

"Women have to save at least 25% more than men to keep up with their longer lifespans," she said.

Source: http://www.benefitnews.com/news/technology-alone-not-enough-in-financial-wellness?utm_medium=email&ET=ebabenefitnews:e6375733:2805898a:&utm_source=newsletter&utm_campaign=ebn_best%20of%20the%20week-mar%2026%202016&st=email