Heartland Institute of FINANCIAL EDUCATION

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Continuing Ed 2016

Question #1.

The Financial Education Imperative

Kellie Richter, Rusty Field and Ward Armstrong of PFEEF

1. Financial education in the workplace is central to the success or failure of American workers to save adequately for their retirement. However, it is becoming increasingly clear that the success of financial education is a function neither of print-based education nor of technology but is, instead, dependent on a more personal level of interaction with advisors who can execute a more complete financial education approach and help bridge the growing divide between employer and employees in the benefits arena.

1. In an article by Kellie Richter, Rusty Field and Ward Armstrong of PFEEF, the success of financial education is dependent on a more personal level of interaction with advisors who can help bridge the growing divide between employer and employees.

True______ *(From February 2015 newsletter)*

False_____

Question #2.

Financial Stress Remains, Despite Improving Economy

By Paula Aven Gladych   ebn, Employee Benefit News   June 2015

2. A report on stress by Financial Finesse found that more than half of working moms between the ages of 30 and 55, who make less than $60,000 a year, experience high or overwhelming levels of financial stress. Only 23% of all employees that completed a financial wellness assessment in 2014 and 40% of similar-aged male parents in the same income group claimed to be that financially stressed.

   26% of men under the age of 30 reported that they have no financial stress at all. Women were more likely to report high levels of financial stress than men. Age is also a contributing factor, along with income and whether a person has children or not.

2. In a stress report by Financial Finesse, women feel more stress about their financial situation than men in similar age groups, but age and income have nothing to do with the stress they feel.

True______ *(From July 2015 newsletter)*

False_____

Question #3.

Getting Employees (Financially) Fit:
Why Employers are Stepping In

By Paylocity, December 2, 2014

3. It's no secret that employees who are healthy and happy are more productive and engaged at work. Wellness also keeps health care costs down. It's a strong argument for employee wellness programs. More and more, employers are adding financial wellness programs to supplement the physical ones, remembering that employees who are stressed out may not be contributing to the bottom line. To implement such programs successfully, the U.S. Consumer Financial Protection Bureau suggests starting early - when employees are hired.

3. According to the U.S. Consumer Financial Protection Bureau, in order for financial wellness programs to be implemented successfully, employers should introduce the program to employees when they are first hired.

True______ *(From January 2015 newsletter)*

False_____

Question #4.

The Inexorable Logic of Financial Literacy

By John Hoffmire & Pankaj Upadhyay PFEEF February 2015

Financial education in the workplace complements a wide array of other imperatives such as learning about these matters in the home, religious institutions and at school. Financial inclusion, financial literacy, companies that are willing to help, and even consumer protection by government and nonprofits are recognized as four pillars of a financial education strategy. Together they might yet help to realize the ideal of developing a financially literate populace

4. According to an article by John Hoffmire and Pankaj Upadhyay of PFEEF, there are four pillars of financial education strategy.

True______ *(From March 2015 newsletter)*

False_____

Question #5.

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."

5. According to a Bob Harris, director of financial wellness at Waddell & Reed, “Financial Wellness” is nothing more than a buzzword.

True_____ *(From May 2015 newsletter)*

False_____

Question #6.

Financial Wellness Programs Gain Traction

By Sonya Stinson • Bankrate.com March 2015

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, Bob Harris says. Typically, the courses are taught at or near the work site, and each session lasts 30 minutes to an hour. (Bob Harris is director of financial wellness at Waddell & Reed),

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 Bob Harris' view, because it gets employees to apply what they learn to their financial decisions.

6. Waddell & Reed has financial wellness programs offering three components: classroom instruction, individual counseling and online information. Of these, Bob Harris views the individual counseling as the most important.

True______ *(From May 2015 newsletter)*

False_____

Question #7.

Avengers Save the Day: Innovative Groups Teach Youth Financial Wellness

By Nikki Eberhardt PFEEF March 2015

Financial wellness is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Studies show that a majority of young people in the United States have poor financial literacy. In 2010 the Treasury Department and Department of Education assessed financial literacy in U.S. high schools, and the results were not good: the average financial literacy score of nearly 77,000 students was 70 percent. The Gallup-Hope Index of 2012 found that 46 percent of 70,000 polled 5th-12th grade students reported their schools did not teach them about money and banking. This trend has been consistent over the past decade and shows few signs of improvement-all at a time when young people face more personal debt and a difficult domestic and global job market.

7. According to a US Treasury financial literacy assessment in 2010 of nearly 77,000 high school students, the average score was only 46%.

True______ *(From March 2015 newsletter)*

False_____

Question #8.

The Silver Lining in 401(k) Supreme Court Decision

Eben P. Colby, Michael S. Hines, David C. Olstein, and Seth M. Schwartz
ebn, Employee Benefits News, May 2015

On May 18, 2015, a unanimous U.S. Supreme Court held in *Tibble v. Edison International* that fiduciaries who select investment options for 401(k) plans have a continuing duty under the Employee Retirement Income Security Act of 1974 to monitor their selections and remove imprudent investment options.

ERISA imposes on a fiduciary of an employee benefit plan — including any person responsible for selecting or removing investment options offered under a 401(k) plan — a duty of prudence that requires the fiduciary to "discharge his duties with respect to a plan ... with the care, skill, prudence, and diligence" that a prudent person would use under similar circumstances. A plan fiduciary that breaches this duty of prudence may be held liable to the plan for any resulting losses. ERISA authorizes the Department of Labor, plan participants and beneficiaries, and other plan fiduciaries to bring a civil action against a fiduciary that has acted imprudently, in order to recover such losses on behalf of the plan.

8. According to ERISA, any person responsible for selecting or removing investment options offered under a 401(k) plan, who breaches the duty of prudence, may be held liable to the plan for any resulting losses.

True______ *(From June 2015 newsletter)*

False_____

Question #9.

Why Having a Great Retirement is Harder Than it Sounds

By John Hoffmire & Pankaj Upadhyay

As more and more American workers reflect on their ability to secure a financially comfortable retirement, the mismatch between when they think they will retire and when they actually do provokes both concern and reflection. Retirement ages have undoubtedly increased over the past decade - a 2015 analysis by the Centre for Retirement Research at Boston College points to an increase of one year for men (from age 62.9 to 63.9) and approximately half a year for women (from age 61.2 to 61.9). However, not everyone is able to control retirement timing.

Financial distress is not the sole motive behind the desire to work longer. Psychological and social fulfillment - a desire for continued productivity, stimulation, satisfaction and social connections - are important drivers as well behind the aspiration to continue to work in later years. Indeed, the oldest age segments of the workforce are often more likely to be engaged than younger workers. Aon Hewitt data show that 65 percent of employees ages 55 and older in large companies are engaged, compared to less than 60 percent of employees under age 45. This is significant as a 5 percent increase in engagement levels has been shown to increase revenue within organizations by 3 percent.

9. In a 2015 analysis by the Centre for Retirement Research at Boston College, retirement ages are increasing for both men and women, but more for men.

True______ *(From August 2015 newsletter)*

False______

Question #10.

Senate Report Calls Attention to Women's Retirement Needs

by Paula Aven Gladych July 20, 2015

Women over the age of 65 are twice as likely as men to live in poverty in retirement because of lower wages, more time spent out of the workforce and lack of access to retirement savings plans. A report released last week by Sen. Patty Murray, D-Wash., ranking member of the Senate Health, Education, Labor and Pensions Committee, calls attention to these barriers and proposes policy solutions that would help overcome them.

10. A Senate report released in July indicated that women over the age of 65 have less access to retirement savings plans than men do.

True______ *(From August 2015 newsletter)*

False_____

Question #11.

How to effectively talk about retirement across generations

By Mike Nesper, ebn, Employee Benefit News, Oct. 2015

The youngest generation in the workforce, millennials, tend to view retirement planning with a pessimistic attitude, said Natalie Wyatt, vice president of business development at Innovest Systems, LLC. "These people don't think they're going to retire," she said Monday at the ASPPA Annual Conference in National Harbor, Md.

Knowing employees' mindset in the workplace is also crucial, said Sarah Simoneaux, a consultant at Simoneaux and Stroud Consulting Services. Here's a breakdown she gave of each generation:

- Baby boomers: They want to be told what to do.
- Generation X: They want to know what to do and the deadline. Then, they want to be left alone.
- Generation Y: They want to know what to do, when to have it finished and how to do it. They also want to know why. Millennials like to figure out a better way of achieving the task, like to work with friends and have a fear of failure.

11. According to Natalie Wyatt, vice president of business development at Innovest Systems, LLC, Baby Boomers are more interested in what, when, how and why than both Generation X and Generation Y.

True______ *(From December 2015 newsletter)*

False_____

Question #12.

Why Our Children Need Financial Literacy

By John Hoffmire & Jerald Adam Long, PFEEF, August 2015

This article is intended for the parents of the upcoming generation. Alan Greenspan, financial guru and former chairman of the Fed, once said that "the number one problem in today's generation and economy is the lack of financial literacy." Why is financial literacy so important? Because hard work and long hours can only do so much.

Albert Einstein, possibly the smartest man of the last century, once said: "The difference between stupidity and genius is that genius has its limits." Financial literacy does not require genius, but the depths of the potential hole dug by financial ignorance are limitless, and should provide sufficient motivation for all to learn what we can to become more financially literate. This is especially needed for children as they begin their financial lives.

12. In an article by John Hoffmire and Jerald Adam Long of PFEEF, Albert Einstein is quoted as saying that “genius has its limits”. The article goes on to say that financial literacy does not require genius.

True______ *(From September 2015 newsletter)*

False_____

Question #13.

Helping employees get on the right retirement track

By Paula Aven Gladych ebn, Employee Benefit News November 13, 2015

Many things get in the way of people saving enough for retirement. Buying a home. Student loans. Getting married. Having kids. All of these competing priorities make it difficult to set money aside for something that seems light years away.

A new study by the Think Tank at Financial Finesse found that employers can do more when it comes to helping employees prepare for retirement. So what can employers do with this information? They can use it to help educate their workers about how a little bit saved now can have a huge impact later on.

13. According to a study by Think Tank of Financial Finesse, employers can do no more to help employees prepare for retirement since it is light years away.

True______ *(From December 2015 newsletter)*

False_____

Question #14.

The growth of workplace education programs offers employees new kinds of financial assistance.

Research suggests companies that offer some kind of financial education program help reduce employees' financial stress and boost productivity.

By Kimberly Palmer, US Money News Jan. 28, 2015 | 11:39 a.m. EST

A 2014 survey by Financial Finesse, a financial education provider, found that 23 percent of employees report "high or overwhelming" financial stress levels, and 63 percent report some level of financial stress. Women under age 30 with young children who earn less than $60,000 were the most likely to report a high level of stress, with 58 percent calling it high or overwhelming. The survey also found that factors contributing to high stress levels include lack of an emergency fund, spending more than one earns and debt. Among the employees experiencing the highest levels of financial stress, just 8 percent said they had an emergency fund, and fewer than half reported paying their bills on time each month.

14. According to a 2014 survey by Financial Finesse, women under the age of 30 that have children were least likely to report high levels of financial stress.

True______ *(From November 2015 newsletter)*

False_____

Question #15.

Boomers, Gen X say they're not ready for retirement

Money Talk News, Jim Gold, September 2015

Nearly half of the people closest to retirement age don't feel ready financially, says a newly released survey.
Gen Xers, generally born in the late '60s and '70s, and baby boomers, born between 1946 and 1964, rank health and wealth as critical for their overall well-being, says the survey done on behalf of life insurance giant John Hancock.

“More than ever, Americans are at the crossroads of health and wealth and are looking for ways to improve both areas of their life,” said Michael Doughty, John Hancock president.

While 47 percent of respondents ranked “making sure you’re financially secure” as one of the most important aspects in life, 54 percent ranked “being healthy,” 55 percent named “being happy with where you are in life,” and 55 percent wanted to have “close relationships with family and friends.” However, only 53 percent say they feel prepared for their financial futures, and only about 1 in 10 say they feel “very prepared.” Nearly all said they could live healthier lives.

15. A survey done by John Hancock Insurance Company said that only about 1 in 10 in respondents felt “very prepared” financially for their futures.

    True______ *(From October 2015 newsletter)*

    False_____