Heartland Institute of FINANCIAL EDUCATION

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Question #1.

8 Questions To Test Financial Literacy

By Nick Thornton of Benefitspro Dec. 2015

1. Results from an eight question quiz given by Alliance Bernstein, an investment manager, to 401(k) participants, were not exactly A+. It showed that contribution participants' financial literacy was slipping. Only 25 percent of employees surveyed said they are confident they'll have a comfortable retirement, down marginally from last year, but considerably lower than the 41 percent that said they would retire comfortably in 2007. Only 12 percent of respondents got all eight questions right. One-third answered three to five questions correctly, while one-fourth could manage only two or fewer correct answers.

1. In an article by Nick Thornton of Benefitspro, Alliance Bernstein, an investment manager, gave an eight question quiz to 401(k) participants and found that financial literacy was slipping, with less than 30% of employees confident that they will have a comfortable retirement.

True______ *(From January 2016 newsletter)*

False_____

Question #2.

U.S. Schools Should Follow Utah's Lead in Teaching Financial Literacy in the Classroom

By Jake Busby PFEEF December 2015

2. Money Matters on Campus, a study conducted by EverFi and sponsored by Higher One, details the findings from a three-year survey of 43,000 college students from around the United States. Ultimately, the survey strives to understand how college students behave financially and plan for the future. Money Matters on Campus recently released its 2014-15 report that highlights some very interesting findings and trends among college students and their financial behaviors. The study points out that although the amount of financial experience among incoming college students is increasing, their basic financial management planning skills are not improving. This is a very serious problem. Trends show that students are not improving their financial planning skills. However, through

utilizing effective and engaging technology and passing a financial literacy course in high school, it is possible to reverse these troubling trends.

2. A study conducted by EverFi and sponsored by Higher One, found that college students' basic financial management planning skills are not improving.

True______ *(From January 2016 newsletter)*

False_____

Question #3.

How Financial Literacy Affects Retirement

By Krystal Bailey PFEEF January 2016

3. It might be assumed that of all age groups, the older generation is the most financially literate. With a lifetime of experiences, they have already made many financial decisions leading up to retirement. But the 2004 Health and Retirement Survey and the 2009 Financial Capability Study show different results. Older respondents (50 and older) were less likely than all other age groups to respond correctly to three questions on financial literacy. In the 2004 study, only one-third of this group got all three questions right.

3. According to the 2004 Health and Retirement Survey and the 2009 Financial Capability Study, respondents 50 years old and older answered all three of the financial literacy questions correctly.

True______ *(From February 2016 newsletter)*

False_____

Question #4.

4 reasons employers should offer financial wellness programs

Adam Potter, ebn, Employee Benefit News Feb. 2016

4. The term "financial wellness" has received a lot of buzz over the past few years, and corporations are jumping on board at accelerating rates. According to a 2015 Aon Hewitt survey, 93% of employers intend to increase focus on the financial well-being of their employees in a way that extends beyond retirement. This expansion of benefits

could take the form of new plan features, mobile apps or online tools to assist individuals with understanding financial concepts and financial planning, as well as access to affordable funding.

4. According to an article by Adam Potter of Employee Benefit News, most employers plan to increase their focus on the financial well-being of their employees.

True______ *(From March 2016 newsletter)*

False_____

Question #5.

In-person coaching important component of financial wellness programs

Paula Aven Gladych, ebn, Employee Benefit News, Feb. 2016

5. Liz Davidson, founder and CEO of Financial Finesse, says that it is very easy to integrate a financial wellness program into a company's existing benefits program. The best way is to take a personalized approach and integrate a personalized financial assessment. One way to promote financial wellness programs within a company is through incentives. Davidson says that in her experience, competitions, raffles or giveaways are a great way to encourage employees to participate. On-site financial coaching is another big benefit and having single sign-on, which means combining financial wellness with health benefits in one place that is fully integrated.

   Davidson says she gets asked all the time why financial wellness programs can't be entirely online. While an online approach is integral to most programs at many companies, she says, a face-to-face component is still very important.

5. According to Liz Davidson, founder and CEO of Financial Finesse, an online approach to financial wellness programs is integral to most programs at many companies.

True_____ *(From March 2016 newsletter)*

False_____

Question #6.

Financial literacy begins moving into the workplace

Yahoo Finance By Carmen Chai February 2016

6. 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.

   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.

6. According to the Standard & Poor's Ratings Services 2015 Global Financial Literacy Survey, 63 percent of Americans are not financially literate.

True______ *(From April 2016 newsletter)*

False_____

Question #7.

Financial stability in retirement years continues to elude women

Women are still not saving enough for retirement and the situation continues to deteriorate.

7. Many industry reports have highlighted the bleak situation most women will find themselves in once they reach retirement age. Women are far more likely than men to face financial hardships in retirement, according to the National Institute on Retirement Security in its report, *Shortchanged in Retirement: The Continuing Challenges to Women's Financial Future*.

   Across all age groups, women have substantially less income in retirement than men and by age 65, 80% of women are more likely than men to live in poverty. From ages 75 to 79, women are three times more likely to fall below the poverty line than men of the same age, according to NIRS.

7. Many industry reports show that women are continually increasing their income and are now less likely to live in poverty than men at age 65.

True______ *(From April 2016 newsletter)*

False_____

Question #8.

How employers can help workers deal with financial stress

Mark Singer, ebn, Employee Benefit News April 2016

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

8. According to a 2014 PricewaterhouseCoopers survey on Employee Financial Wellness, as many as 24% of employees have no distractions whatsoever at their job due to financial personal issues.

True______ *(From May 2016 newsletter)*

False_____

Question #9.

Technology alone not enough in financial wellness

Paula Aven Gladych, ebn, Employee Benefit News March 2016

9. 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.

   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 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 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.

9. According to Cynthia Meyer, resident financial planner at Financial Finesse, people with five visits per year to a certified financial planner had much better financial wellness numbers than those that did not.

True______ *(From May 2016 newsletter)*

False______

Question #10.

Advisers Urged to Help Aging Clients Plan For "Leisure Boom"

Financial Planning, By Kenneth Corbin, May 2016

10. As waves of baby boomers head into retirement, a new report suggests that advisers might start talking more with their clients about how they plan to spend their leisure time — and plan for how they will fund the activities they look forward to after they exit the workforce.

    The new survey from Merrill Lynch and research firm Age Wave highlights how, for all the optimism boomers bring to the prospect of retirement, large numbers of Americans haven't thought through how they will spend their time during what Merrill is calling a "leisure boom."

    Funding Retirement Dreams- Most retirees have not planned or budgeted for their leisure activities according to a Merrill Lynch Age Wave Study.

    58% Do not know how much is needed

    45% Have not estimated how much is needed

    The survey, which polled more than 3,700 Americans above the age of 25, found that 53% of respondents say that they have "hardly planned at all" for how they will spend their time in retirement.

10. According to a new survey from Merrill Lynch and research firm Age Wave, large numbers of baby boomers haven't thought through how they will spend their time during what Merrill is calling a "leisure boom."

    True______ *(From June 2016 newsletter)*

    False_____

Question #11.

Where the U.S. ranks on retirement

By Suzanne Woolley ebn, Employee Benefit News July 19 2016, 12:05pm EDT

11. Norway, Switzerland, and Iceland won the top three spots in Natixis Global Asset Management's fourth annual ranking, released on Tuesday. The U.S., with a score of 73%, strolled in at No. 14 out of 43 nations (right after Luxembourg) in the global retirement index.

    Norway joins a number of top 10 countries in having a compulsory workplace savings program. It requires employers to fund private retirement accounts with 2% of a worker's earnings annually. That pales next to Australia, No. 6, where employers must kick in at least 9.5%.

    The retirement leaders, with scores of 77% or better: Norway, Switzerland, Iceland, New Zealand, Sweden, Australia, Germany, the Netherlands, Austria, and Canada.

11. **In** Natixis Global Asset Management's fourth annual ranking, the U.S ranked 14th out of 43 nations in the global retirement index.

    True______ *(From August 2016 newsletter)*

    False_____

Question #12.

Bracing for the election: Retirement planning takes conservative stance

By Michelle Zhou Financial Planning August 18 2016, 2:24pm

12. With less than three months until the presidential election, there is considerable angst among advisers working on their clients' retirement plans.

    "There are too many scenarios to plan for with this year's election," one planner wrote in response to *Financial Planning's* latest survey, which asked 330 advisers, "How will the outcome of the US election impact retirement planning, and what actions are you taking now?"

One respondent says "clients are nervous about the aftermath (of the upcoming presidential election) and looking for more principal protection." (Bloomberg News)

While some are choosing to sit tight and wait for the outcome before making any decisions, many advisers said they are taking a more conservative approach to protect their clients' assets.

“Clients are nervous about the aftermath and looking for more principal protection,” said one wealth manager. Another said he has “taken money off the table” and postponed injecting new cash flow to make sure clients are positioned defensively in case of a negative market reaction.

12. In an article by Michelle Zhou, it was observed that most people were investing heavily to prepare for the financial effects of the upcoming 2016 presidential election.

True______ *(From September 2016 newsletter)*

False_____

Question #13.

Why More Women Than Ever Are Putting Off Retirement

By Ben Steverman ebn, Employee Benefits News September 2016

13. Now, more women are working at ages when their mothers and grandmothers were long retired. Economists and other academics are trying to figure out why, and new research suggests the trend will continue, and could accelerate.

A prime driver of working in old age is education: Both women and men with college educations are far more likely to be working in their late 60s and 70s than are less educated Americans, and the number of college graduates is on the rise.

Past work history also matters, and the surge of women into the workforce in the 1970s and 1980s means that these women, now older, have job skills, connections, and careers they can continue to pursue.

As the oldest Baby Boomers reach their 70s, they're not only working but increasingly are working full-time. Almost half of women working in their late 60s are in full-time, year-round jobs, up from about 30% 20 years ago, Harvard University economics professors Claudia Goldin and Lawrence Katz found in new research.

13. In an article by Ben Steverman of Employee Benefits News, education is a prime driver in those working at an old age.

True______ *(From October 2016 newsletter)*

False_____

Question #14.

Employers Must Partner With Employees to Fight Financial Stress

By Paula Aven Gladych ebn, Employee Benefit News Oct. 2016

14. A According to Financial Finesse's "Workplace Financial Wellness: ROI Special Report," the authors found that "employees who suffer from overwhelming financial stress or struggle to maintain financial stability tend to incur both immediate and future financial costs for their employer in the form of absenteeism, garnishments, payroll taxes and delayed retirement."

    The report studied the effects of one Fortune 100 company's financial wellness program from 2009 to 2014 and found that as employee financial health improves, an employer's costs go down. Financial Finesse did not identify the Fortune 100 company.

    Data for the report was gleaned from Financial Finesse's online financial wellness assessment that is taken anonymously by employees of companies that implement Financial Finesse's comprehensive financial wellness program. More than 5,500 workers were included in this study.

    In the report, employees were ranked on a scale of 1 to 10 on how financially well they were. They took a short survey to assess how well they did at budgeting, contributing to a retirement account and their debt load. Most respondents were somewhere in the 4 to 6 range, meaning they were either struggling at financial wellness or stabilizing their finances.

14. In an article by Paula Aven Gladych of Employee Benefit News, employees who suffer from overwhelming financial stress or struggle to maintain financial stability tend to be better employees with less absenteeism.

    True______ *(From November 2016 newsletter)*

    False_____

Question #15.

Millennial Women Falling Behind When it Comes to Financial Wellnesss

Paula Aven Gladych ebn, Employee Benefit News Oct. 2016

15. There is a major gap between what millennial men and women need to save for retirement, even assuming they were both paid the same for the work they do, according to the 2016 Gender Gap in Financial Wellness Study put out by Financial Finesse.

    “Although we assume pay parity for the typical 25-year-old, there is a 28% gap in the additional retirement savings needed to cover estimated retirement expenses primarily due to women’s greater life expectancy,” says Liz Davidson, CEO and founder of Financial Finesse. That doesn’t take into account the fact that many women leave the workforce at different points in their lives and the impact those sabbaticals can have on their future savings.

15. In an article by Paula Aven Gladych of Employee Benefit News, one reason women require additional retirement savings than men is that they have a greater life expectancy.

    True______ *(From November 2016 newsletter)*

    False_____