



Opinion: Financially literate employees make up a more productive workforce

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U.S. currency in one hundred dollar denominations are displayed for illustration purposes, in Washington, in this 2014 file photo. (APfile photo/J. Scott Applewhite)

Times of Trenton guest opinion column By **Times of Trenton guest opinion column**

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By Christopher Seiz

Everyone knows that sex, religion and politics are out of bounds for discussion in polite company, right? Now is a good time to recognize another taboo topic that *should* be talked about: money. In 2003, the National Endowment for Financial Education introduced Youth Financial Literacy Day and, in 2004, the U.S. Senate passed Resolution 316, recognizing April as National Financial Literacy Month, in an attempt to improve personal financial health and reduce the stigma associated with focusing on it.

Let's look at that topic people don't like to talk about and combine it with the place they're least likely to talk about it: work. The International Foundation of Employee Benefit Plans says 20 hours of productivity are lost per month by financially stressed employees. When the survey was first done in 1979, 10 percent of employees reported decreased productivity because of financial stress. Now, that number exceeds 25 percent. As the survey findings below indicate, workplaces that offer financial education improve their statistics dramatically. In such institutions:

- the likelihood that employee overall stress levels are somewhat or very high is reduced by 9 percent, and
- the feeling by average employees that they are financially ready to retire when they reach normal retirement age jumps 18 percent.

With 88 percent of the workforce having had no education on how to manage their money, it's no wonder employer-sponsored financial education is fast becoming a "best practice" among industry leaders who want a productive and profitable workforce. For some organizations, decisions about financial education are made based on the bottom line, but, for many, it's done because it's the right thing to do and it helps retain great employees. Forty-five percent of employers surveyed believe it is the organization's responsibility to educate staff on pension and benefit options, encourage retirement savings and improve participant money management.

Employers with successful programs have also found financial education doesn't need to be time-intensive or sophisticated in order to be effective. Eighty-four percent offered programs during normal work hours (think ongoing lunch-and-learns). Education is offered in many ways, including voluntary in-person classes, newsletters, emails, workbooks, online resources and courses, and free personal consultations.

Some argue that without one-on-one consultation and time- and resource-intensive educational tools, positive change can't be made. Franklin D. Roosevelt said it best: "There are many ways of going forward, but only one way of standing still." Employers who value employee retention and want to make progressive moves toward building a stronger workforce are making incremental changes to bolster financial education in the workplace. While these employers might not yet be jumping head-first into the pool, their response to the growing interest in financial education is changing the picture for workplace education and culture.

On the whole, employers want employees to feel secure, because those workers are the most productive. Though financial education should be accessible to everyone, it hasn't yet trickled down to smaller employers, but it is becoming popular with and boosted by some notable large employers. Princeton University, for example, contracts with Isles Financial Solutions to offer a financial education program to a small group of lower-wage employees. The program is designed to help employees establish savings and budget their income while they are introduced to new financial tools.

Many steps have been taken to improve the lives of employees over the last 100 years: working conditions have improved, unionization has led to improved pay and benefits, the 40-hour work week has dominated, paid time off has become normal, and many other improvements to balance the employer-employee relationship and improve the lives of Americans overall have been made. Financial education is the next big step toward the future of hard-working and happy employees.

In the coming months, The Mercadien Foundation will launch a program for employers and the community based on employee personal financial education. The program, \$martWorkplace, is designed to promote workplaces with strong financial education offerings and lead employers interested in improving theirs to available community resources.

National Financial Literacy Month is a great time to learn a few new techniques to add to one's personal financial tool kit as we navigate the year. Let's keep in mind that learning new skills and changing behaviors is difficult at first, but feels great over time. The positive results will encourage us to continue, but at the same time, we would do well to remember that just a few new tricks won't solve every financial struggle all at once. Personal financial well-being is a learning process and requires ongoing vigilance to stay on track.

Christopher Seiz is executive director of The Mercadien Foundation, a 501(c)(3) nonprofit organization whose mission is to create philanthropic and innovative programs to benefit the Mercer County community and New Jersey.

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