

Welcome

New America Foundation
Asset Building Program
Webinar

September 26, 2008
3:00pm EST

Financial Education in the Workplace

An Analysis of Motivations, Benefits
and Barriers

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Rationale

- Inability of many consumers to make critical personal financial decisions
 - Financial decisions becoming more complex
- Lack of success teaching financial literacy in high school
- Workplace reliably concentrates adults into somewhat homogeneous groups

Possible Employer Benefits

- Employee morale
- Attract and retain workers
- Efficient utilization of benefits
- Lower payroll taxes through FSAs
- ERISA compliance
- 401k non-discrimination
- Stress reduction
- Social responsibility

Study

- Current status workplace financial ed.
- Focus on non-retirement education
- Review of current academic literature
- Special Gallup-NFIB survey
- Analysis of Penn. & Wisconsin surveys
- Interviews with employers & providers

Employer Reluctance

- Benefits already 1/3 cost of labor
- Health insurance keeps rising
- Competition holds labor costs down
- Few employees value financial ed.
- Productivity difficult to relate to any single stressor
- Non-retirement related financial ed. *not* a qualified benefit (taxable to worker)

Third Party Providers

- Much workplace financial education is provided by interested third parties
 - Financial product vendors
 - Asset gatherers
- Education and counseling is free
- Cost of quality education from non-interested providers is very high

Effectiveness

- Favorable evidence
- Lower-compensated more difficult
 - Less educated are less interested
 - But greatest need and greatest potential
 - Incentives and compulsion work
 - Viral marketing is most effective
 - Single workshop not effective

Recommendations

- Amend tax code to qualify financial ed.
- Pilot programs to reach lower-paid
 - Experiment with best practices
 - Begin with committed employers
- SRO for 3rd party providers
 - Code of ethics
 - Competence to teach
 - Effective disclosure
- Long-Term: Tax credits for effective implementation, inversely progressive

For More Information

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