11-1-2009

Improving Workers' Financial Literacy: A Symposium Summary

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Clark, Robert L. and Morrill, Melinda S., "Improving Workers' Financial Literacy: A Symposium Summary" (2009). *Wharton Pension Research Council Working Papers*. 347.
https://repository.upenn.edu/prc_papers/347

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Disciplines
Economics

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November 2009

PRC WP2009-26
Pension Research Council Working Paper
Pension Research Council
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The analysis presented in this paper is based on the presentations of senior human resource leaders, state and federal governmental executives, and academic researchers at *Pre-Retirement Planning in the Workforce Symposium* held October 16, 2009 in Raleigh, NC. The authors thank each of these individuals for their thoughtful comments. Suzanne Wood prepared a summary of the discussion at the symposium on which this paper is based. Opinions and errors are solely those of the authors and not of the institutions with which the authors are affiliated.

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ABSTRACT

Financial literacy and a basic understanding of employer and national retirement programs are essential as older workers transition from full time work into retirement. The retirement process requires individuals to make a series of decisions that will influence their retirement income and economic well-being throughout the rest of their life. However, considerable evidence indicates that workers of the verge of retirement have a rather low level of financial literacy. Many employers have developed pre-retirement financial education and retirement planning programs for their retirement eligible workers. A recent symposium examined the use of employer programs, their effectiveness in enhancing worker knowledge, and the impact of improved financial literacy on retirement plans. This working paper presents a summary of the discussion and highlights the important findings of the symposium.

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In the next decade, millions of Baby Boomers will make the transition from full-time employment to full retirement. As part of the retirement process, workers must make a series of important decisions that will determine their economic well-being during their latter years. These key choices include when to retire from one's career job, when to start Social Security benefits, whether to take a lump sum distribution from a defined benefit pension plan, and whether to annuitize some or all of retirement funds in 401(k), 403(b), and 457 retirement savings plans. Worker decisions on these important issues are often irreversible and thus determine the income stream and the economic well-being of individuals during retirement.

In order for workers to make sensible retirement choices, people must have a sufficient level of financial literacy and knowledge of employer and national retirement policies. Inadequate financial literacy or inaccurate knowledge and understanding of retirement plans will likely result in poor decision-making by employees as they transition into retirement. Substantial evidence indicates that Americans have a rather low level of financial literacy and are therefore at risk of making poor retirement decisions.

The need for improved financial knowledge and pre-retirement planning is receiving substantial attention by policymakers, the media, scholars and researchers, and corporate leaders. The best place for providing financial education and pre-retirement planning to older workers may be the work place since many of the important retirement-related decisions concern the benefits and policies of employers. Knowledge of pensions and health insurance provided by the employer is essential if older workers are to make optimal retirement choices. Many large employers already provide some type of retirement planning programs that provide retirement-eligible employees the opportunity to enhance their knowledge and begin to develop plans for their retirement. However, these programs have rarely been systematically examined for their effectiveness.

In view of the worst economic climate in a generation, and the impending retirement of millions of Baby Boomers, serious discussion is needed to help Americans gain the knowledge they need to make the best retirement decisions for them given the resources that they have accumulated over their working careers. For older workers, the choices are less about accumulating additional resources for retirement and more about how to manage the wealth they have accumulated over their careers. Central to this discussion is the role that employers can and should play in the planning process. To explore this topic, a symposium at the North Carolina State University College of Management in Raleigh, NC recently examined employer-provided financial education and pre-retirement planning programs. Discussants and commentators in the event included senior human resources and benefits managers in charge of employer planning programs, national and state government leaders who oversee financial literacy programs, researchers studying how to enhance financial literacy, and consultants who provide financial education and retirement planning programs to employers.

In what follows we summarize key presentations and takeaways regarding the level of financial literacy of older workers, the need for effective employer programs to improve retirement planning, and how these programs can and do improve retirement decisions.

The Role of Financial Literacy

Long-term changes in employer retirement policies are requiring increased individual responsibility for accumulating and managing retirement assets. For instance, workers are being asked to become responsible for managing their retirement assets during the accumulation as well as decumulation processes. These changes have increased the need for workers to have a better understanding of financial mathematics, risk and return characteristics of investments, annuitization of retirement assets, and managing funds throughout retirement. In order for workers to retire with an adequate income, they will need to have undertaken careful retirement planning while employed, and they must make good decisions as they shift from work to retirement. An adequate level of financial knowledge is imperative if employees are to achieve their retirement dreams, and individuals must be financially literate to navigate the complex financial decisions to achieve their desired levels of retirement income.

The shift from defined benefit pensions plans to self-directed 401(k)'s means employees must make more decisions about saving and investing than their parents and grandparents, according to Robert Clark, professor of Economics and Management, Innovation, and Entrepreneurship at the North Carolina State University College of Management and a symposium co-organizer. The stock market plunge of 2008-09 has only made this need more acute, adds John Haley, CEO of Watson Wyatt, a global employee benefits consulting firm. His spring 2009 survey shows that 60 percent of workers say their 401(k) balances have dropped significantly. In turn, the drop in retirement assets has induced many older workers to rethink their retirement plans. These adjustments in lifetime plans will be best informed if they are based on a clear understanding of employer and national retirement programs, as well as a basic knowledge of financial facts.

As a result of the current recession, over two-thirds of those over the age of 50 say they need to save more for retirement, notes Haley. But do they have the knowledge and skills to rebuild their portfolios or to amass a nest egg outside their retirement accounts? Under a research grant from the FINRA Investor Education Foundation, Robert Clark, Melinda Morrill, and Steve Allen of North Carolina State University have been surveying nine large national employers before and after their employees attend employer-provided financial education programs. Melinda Morrill, Research Assistant Professor in the Department of Economics, notes that across a subset these employers, some 64 percent of respondents said they were not confident about their financial acumen.[1]

This lack of knowledge, along with workers' recognition of their need for more and better information, is of great concern, particularly regarding individuals on the verge of retirement who will be making decisions over the next few years that will affect their income for the rest of their lives. Throughout their research, Clark, Morrill, and Allen find that older workers lack basic financial knowledge, see the need for additional information, and would like their employers to provide retirement planning programs. They also report that when companies recognize employee demand for financial education and retirement planning assistance, and when firms develop such seminars and programs, the employees appreciate and value this type of employee benefit.

The concern over financial literacy is not limited to employees and employers; instead, it is also a major issue for federal and state governments. For instance, workers should not view Social Security as the sole source of retirement income (or perhaps even the primary source), according to Jason Fichtner, Chief Economist of the U.S. Social Security Administration (SSA). Rather, he argues, Social Security is one leg of a three-legged stool, with the other two being company retirement plans and individual saving.

Accordingly, Fichtner reports that the SSA has made financial literacy an important component of its strategic plan. This began in 1995 with the SSA sending annual statements of projected future retirement benefits to workers covered by the system; today SSA sends millions of benefit statements to working Americans around three months before their birthdays. The statements detail benefits that workers could anticipate per month, if they were to cease working tomorrow. Initially, these statements presented benefits that a worker might anticipate if he retired at age 62. More recently, SSA has spotlighted what the retiree's monthly Social Security checks would be if he claimed at the normal or full retirement age. The new format illustrates how much larger the benefit will be if the person does not start collecting benefits at age 62 but instead waits until the full retirement age to start receiving benefits. Fichtner asserts that these mailings, along with counseling offered by Social Security field office representatives across the country, aim to help change the traditional view that emphasized claiming at age 62. It is important to recognize that the reduction in Social Security benefits for starting at the early retirement age is permanent and also affects any survivor benefits.

In view of the importance of financial literacy to retirement planning and Social Security claiming patterns, SSA has recently announced funding for three new financial literacy centers housed at the Rand Corporation, Boston College, and the University of Wisconsin. In fact, the SSA is now the leading funder of financial literacy in the federal government. The Rand Center has its administrative home at the Rand Corporation but the consortium also includes Dartmouth College and the Wharton School.[2] The College of Management at North Carolina State University is a member of the Rand Center.

Others have also found that financial illiteracy is a serious problem, particularly among women, minorities, and the elderly, notes Olivia S. Mitchell, Director of the Pension Research Council and Professor of Insurance and Risk Management at the University of Pennsylvania's Wharton School.[3] For instance, she finds a positive correlation between people's financial literacy levels and their net worth. She argues that the most effective strategy must be multi-pronged: educate, simplify, implement, and evaluate, says Mitchell. In essence, educating people means teaching them how to "read and write" financially so they can understand information about money. Simplifying, means breaking down financial information into step-by-step processes that are easy to follow, as well as focusing on implementation as a strategy.

The benefits of financial education, whether in the guise of games or workshops, are clear, observes Mitchell. For instance one evaluation study finds that teens that played stock market games in high school as part of financial-education class grew up into adults were financially savvier than those who didn't participate in such games. She also cites data from the Health and Retirement Study showing that people who attend workplace financial education programs saw their wealth later increase; further, gains were most significant among lower-earning, less-educated workers. The Health and Retirement Study also indicates that a little goes a long way when it comes to financial planning: the average net worth of those who say they did “just a little” financial planning was nearly double that of those who said they never engaged in financial planning, notes Professor Mitchell.[4] For many people, this advantage could mean the difference between living well and living poorly during their golden years. This research shows the importance of financial planning and the need for greater efforts by employers and the government to enhance financial literacy.

In a recent working paper by Clark, Morrill, and Allen (2009), the authors demonstrate the importance of financial literacy and knowledge in workers retirement planning. The authors find that not only does financial knowledge significantly predict the planned retirement ages of employees, but that inaccurate or limited knowledge of employer-provided and publicly provided retirement benefits affects people’s retirement plans. This work suggests that once employees have learned the important details of their retirement benefits, they will be able to make better retirement plans and decisions. Clark, Morrill, and Allen, under a grant provided by the FINRA Investor Education Foundation, are currently investigating whether employer-provided pre-retirement planning seminars enhance financial literacy and lead to changes in retirement plans.[5]

The Role of State Governments

State governments are also becoming increasingly important players in financial education for workers across America. Becoming a more educated consumer of financial news and products might help prevent many people from falling prey to everything from inappropriately risky investments to outright scams, observes Elaine Marshall, North Carolina’s Secretary of State.

Recessions always bring out ‘scam artists’ looking for easy victims, and while sophisticated people can and do get taken in (as witness the Bernie Madoff scandal), it is often those who lack basic financial literacy whose life savings is stolen, according to Marshall. Her office is currently investigating and prosecuting such financial crimes, where they are finding that inadequate financial knowledge is one determining factor leading individuals to buy into such schemes.[6] The reality is that retiring workers have large amounts of cash available to them from their retirement plans, and this may be the first time in their lives that these individuals so much to manage and invest. Marshall encourages employers to include education about financial fraud in their pre-retirement planning programs. She also suggests that the employers provide methods of access to state regulators to their retirement eligible workers to help them avoid mismanagement.

Since state governments are some of the largest US employers, what happens to their employees typically covered by defined benefit plans and supplemental retirement savings plans will be important in the US retirement landscape. State treasurers and retirement boards are properly concerned about how retirement funds are accessed and used by state employees. Janet Cowell, North Carolina Treasurer, oversees the nation’s tenth largest public pension plan covering general state employees, teachers, and local employees with $64 billion in assets; her office also manages the supplemental retirement savings plan for state employees. In her view, public employees confront the same retirement decisions as private sector employees. They must decide when to retire, whether to accept the annuity offered by the state retirement plan or take a lump sum distribution, whether to annuitize their 403(b) funds, and how to manage retirement savings in retirement. Cowell explains that state employees in her state may participate in annual retirement planning workshops, though it remains true that promoting increased financial awareness among today's employees may not be sufficient to help tomorrow's retirees live comfortably. Toward that end, she is launching the Future of Retirement Study Commission "to make North Carolina a model of how to respond to future planning during tough times;" this group will include industry, academic, government and employee representatives.

While public sector employers have traditionally offered generous retirement benefits, many states are facing dramatically smaller budgets due to the economic downturn. As a result, many are reconsidering how to best balance retirement plan commitments against budget shortfalls. In work sponsored by the Center for State and Local Government Excellence, Clark and Morrill (2009) document the extent of unfunded liabilities that state governments are facing due to promised retiree health insurance benefits. Here the authors report that many states are reducing retiree health benefits by curtailing or cutting subsidies and boosting service requirements. In this climate, it is particularly important for public sector employers to provide the information and tools necessary for their workers to make sound retirement plans.

Looking Ahead to Retirement as a Financial Education Opportunity

For most employees, there is no more expensive and important life event than retirement. Retirees may live 20-40 years after they retire from their career employers, so this requires managing wealth and pension drawdowns so as to provide a continued flow of income. Annual income and the ability to purchase goods and services will depend on their employer pensions, individual saving, and Social Security. For this reason financial planning is a ‘must,’ if individuals are to ensure retirement security. Since many employers provide, either indirectly or directly, the lion’s share of resources that their retirees will draw upon in retirement, it is understandable that some employers choose to offer programs and services designed to help employees use these resources wisely. Sally Hass, responsible for developing the retirement-planning programs at Weyerhaeuser, finds many compelling reasons that the workplace is the ideal setting to help prepare people for retirement. Most such firms recognize the business case for offering pre-retirement planning programs. For one thing, most medium-to-large companies already have the human resources and employee-education infrastructure in place to offer such programs, in Hass’ view. Such personnel can either develop programs using company personnel or outsource the presentation of the programs to third-party providers.

Another argument that might persuade a company Chief Financial Officer to sign off on a retirement planning program focuses on productivity. According to Hass, when workers are worried about their financial future, their job performance is likely to suffer. Similarly, when workers are not given sufficient information about their retirement options, they will spend work time seeking answers themselves. Also, financial planning programs can be used to show employees the value of their employee benefits.

Lynn Pettus, Partner and National Director of the Employee Financial Services Practice at Ernst & Young, notes that it may be difficult to quantify the return on investment of such programs, but her company has found that employees save 60-90 minutes of work time by utilizing them. Also, says Hass, senior managers who sign off on such programs are often persuaded to see them as a way to ensure employees understand all the retirement benefits they are being offered, particularly when such benefits are generous by industry standards. Giving employees the opportunity to realize how impressive their benefits really are can go a long way toward boosting morale. Such programs may not be seen as profit centers, but they surely are perceived as value centers.

"The workplace is uniquely positioned to provide this help," concludes Ms. Hass. "It all boils down to awareness and will." And there is also a moral component to offering retirement-planning programs, according to Marshall, the N.C. Secretary of State, who has seen a heartbreaking number of elderly fraud victims in recent months. Her exhortation to corporations: "Don't let this happen to your employees. Your staff might be the last honest financial professionals your retiring employees will ever meet."

Retirement Planning Programs in the Workplace: Case Studies

As with many corporate initiatives, there are no hard and fast rules when it comes to designing a retirement-planning program. Indeed, programs that are customized to fit a company's needs, resources, and employee population are likely to do best. But there is one caveat, according to William Arnone, a long-time veteran of Ernst &Young. He recommends that employers know why they are investing in the programs and whether these work. Indeed, employers are most committed when they consider these programs to be part of their strategic human resource plan and periodically evaluate their seminars, amending them to reflect employee feedback and changing economic conditions. According to Arnone, effective retirement planning programs focus on helping employees avoid the most common mistakes such as not contributing to their company's 401(k) plan; not contributing at a high enough level, either to receive the company match or have enough at retirement; not managing asset allocation appropriately; and not rolling over a 401(k) after a job change, but cashing it out instead. Arnone also advocates an admittedly controversial "aggressive interferer" approach that goes beyond education. "'Build it and they will come' does not always work," he says. "Those who need help the most are often the ones who do not come to workshops." To reach these people, companies may target employees who have a loan against their 401(k) and ask them if they'd like to speak to a financial counselor about any cash-flow problems they have been having. The onus is then on the employee to refuse this help, Arnone explains.

Although it does not yet have a formal retirement-planning program, one firm does engage in a version of the proactive stance Arnone recommends. BB&T, a Winston-Salem, N.C.-based bank, uses the annual review as an occasion to bring up employees' participation—or lack thereof—in the company 401(k) plan, notes Steve Reeder, Benefits Manager at BB&T. He explains that while managers were initially reluctant to bring up personal finances with their reports, they became more comfortable doing so after they were coached to see that employees who did not at least earn the company match were being underpaid.

Robert Clark calls this proactive approach "nudging." One way to nudge employees into a greater level of retirement saving is to automatically enroll workers in a company's 401(k) plan. Traditionally, most employers have given newly hired employees the option of enrolling in their retirement savings plans but if the worker does not make an active election, they are not enrolled into the plan. More recently, employers have been moving toward automatic enrollment in these plans where the employee has the right to opt out.[7] Indeed, many of the problems people have saving for retirement can be avoided by smart plan design, affirms Sally Hass -- whether it is auto enroll or not allowing loans against the 401(k). Research has shown that framing of choices, describing the options, and shifting the defaults on plan options can dramatically alter behavior. Arnone believes that legislation requiring employees to participate in their company 401(k) plan may be forthcoming.

Senior human resource and benefit managers, in discussing their financial education programs and the services provided, report that the pre-retirement planning programs are enthusiastically embraced by their employees. Based on the learning that occurs during the planning seminars, employees are more aware of their benefits and the need for retirement planning. In addition, participants report significant changes in their planned retirement dates, allocation decisions for their retirement saving, and dates for starting Social Security benefits.[8] The consensus among the corporate HR representatives and third-party retirement planning service vendors was that there is no substitute for gathering employees in a room and presenting them with information. As Ayco Corporation's Mike Conway puts it, "Employees don't read, and they won't watch informational videos. You need to see eyeballs."

Seminars are the centerpiece of most employers' retirement-planning efforts. Among the companies represented at the symposium, the length of these workshops varies from one hour to two-and-a-half days. Raleigh-based Progress Energy has been offering one day programs; however, recently it scaled back its retirement-planning seminars—which have been in place since the 1970s--from a full day to a half day due to budgetary constraints prompted by the recession, notes Beth Pattillo, Senior Human Resources Specialist. Spouses are encouraged to attend these seminars, which are offered throughout the utility-company's service area and throughout the year. Attendance is limited to those with at least 34 years of service or who are 54 or 64 years old with 14 years or 4 years of service, respectively. Employees can only attend once every five years, explains Pattillo. The workshops, which feature presentations by company HR professionals as well as outside experts in the legal and financial-planning fields, are popular among employees. They also appear to influence behavior, as many of employees surveyed after participating in the seminar said they were rethinking when they would actually retire, Pattillo says. Participants gave these programs high marks for their effectiveness, presentation, and level of the material that was presented. Typically, there is a waiting list for employees seeking to participate in the program.

At the Williams Companies, a Tulsa, Oklahoma-based natural gas concern, employees are "clamoring" to enroll in the company's recently launched retirement planning workshop, according to Nancy Van Maren, Retirement Education Consultant. Prior to 2008, Williams did not have a formal pr-retirement planning program. Last year, Williams partnered with the N.C. College of Management to survey all retirement eligible employees. Employees exhibit a low level of financial education but a strong desire for the company to provide retirement planning programs.

Based on survey responses, Williams has decided to develop and offer financial education seminars for older workers, and in the last year, it has offered a series of seminars that have been well received by its employees. The workshop that Van Maren designed covers estate planning, retiree medical benefits, and retirement–income planning, "all crammed into one really long day," as she reports. In surveys before and after the seminars, employees demonstrate substantial learning and on the basis of the greater knowledge, many altered their retirement plans. The seminars were rated ‘very good to excellent’ by the participants who also indicated an appreciation for the company’s decision to offer these programs.

For WakeMed Health & Hospitals in Raleigh, shorter workshops are the norm, says Jeanene Martin, Senior Vice President of Human Resources. This is because 80 percent of the hospital system’s employees work in direct patient care. The need to have staff tending to patients makes it difficult for hospital personnel to take time away from their assigned responsibilities to attend financial education programs. The logistics—not to mention the costs—of securing coverage so that over time all members of a department could attend a workshop for more than a hour are challenging, concedes Martin. Other obstacles to sponsoring comprehensive workshops include the fact that today’s hospital workforce runs on multiple shift changes with continuing care provided 24 hours per day notes Martin. For these reasons, WakeMed relies more on one-on-one financial and benefits counseling to help its employees prepare for the future, employing four full-time counselors dedicated to this purpose. These programs are organized by its 401(k) provider. While recognizing that more could be done, WakeMed has yet to determine a better method of providing needed information to its employees. A survey of all retirement eligible employees indicated a willingness by these employees to attend longer programs on their own time, but participation in the shorter programs has lagged.

State Farm has thousands of employees in all sections of the country. Given its size and geographic scope, presenting financial education programs with in-house personnel would be extremely difficult. In an effort to reach its employees throughout the country, State Farm has turned to technology to help deliver retirement-planning programs to its employees and third party companies to provide face to face seminars, explains Martin Sallee, Financial Benefits Manager. Ernst & Young presents the financial education programs for State Farm. The firm holds many live workshops; indeed it provided 80 seminars in 2008. State Farm also uses satellite and live-desktop programming as well, minimizing costs and maximizing efficiency and extend coverage. The company thinks investing in such education programs makes good sense, given that approximately $20 billion in employee wealth is at stake, Sallee notes. Surveys of participants indicate that participants increased their financial knowledge and altered the retirement decisions of many of the employees.

Becton Dickinson (BD) is a medical technology company headquarters in Franklin Lakes, NJ. BD offers its older employees the opportunity to attend half day retirement planning seminars. The seminars are supplemented by personalized telephone counseling and an interactive Web portal, states Mike Conway of Ayco, the vendor that has provided these services for the company since 1999. BD also offers seminars that are targeted toward employees of all ages. Seminars cover topics such as Money 101 and Gen X and Gen Y Issues, at a per-employee annual cost of $40, notes Conway. BD also was a partner in the North Carolina State research project examining financial education seminars for retirement eligible employees. Survey results show that after these seminars, employees have a much better appreciation of their benefits and compensation plans. These programs are highly regarded by employees, who benefit from greater knowledge of their retirement programs; some even altered their retirement plans afterward.

On the Ayco Answer Line, a service available to BD employees, 20 counselors handle approximately 1,400 counseling sessions per year; the average length of the call is 35 minutes. Counselors have direct online access to employee benefit information in order to help answer their questions or address their concerns, 70 percent of which focus on retirement. Importantly, one survey showed that 85 percent of employees were ready to take action after participating in phone counseling, according to Conway. As for how many hours a program needs to be in order to make an impact, Conway says the literature suggests four hours per year of education is the minimum.

The Agenda for Workplace Financial Education

An agenda is beginning to emerge for enhancing workers' financial literacy as they make the transition from employment to retirement. First, employer-provided retirement planning programs are an effective method of increasing the financial literacy of older workers and providing them with information they need to make the best retirement decisions for themselves. As individuals retire from their career jobs, the major choices they face relate to the management of their existing resources in a manner that will maximize their well-being throughout retirement. Company programs can and do provide much of this information. Second, various types of programs can be effective. For instance programs may be offered using company personnel or contracted out with a third party who presents the programs. Two employers participated in the symposium who presented the programs themselves, and two others use outside contractors. Evidence from surveys conducted as part of the North Carolina State research project shows that both methods can be effective.

In the case of Progress Energy, it designs and implements its own programs and only occasionally turns to outside help in the form of highly specialized experts who speak at seminars for free in exchange for possible referrals and publicity, notes Pattillo. This is because the company is limited to one fairly small region, so there are few cultural differences across locations. And even more importantly, workers tell their managers that they feel more comfortable sharing personal information with fellow employees—people they know—than with outsiders. Of course, acknowledges Pattillo, such programs necessarily rely on in-house expertise.

One reason companies turn to third-party vendors for retirement planning services is that doing so helps them avoid the "conflict-of-interest" perception, whereby employees might feel pressured or threatened when financial advice comes from their colleague or manager, notes Mike Conway of Ayco. Also it may help to have an independent validation of a company's compensation and benefits that accrues by using an outside vendor. The presentations indicate that seminars of various lengths can be successful in enhancing worker knowledge. For instance some programs range from a half-day program at BD, while Progress Energy, State Farm, and Williams have single day events, and Weyerhaeuser has two-day programs. An evaluation of these seminars indicates that each provides high value to employees and increases their level of understanding of the key retirement decisions.

Employers can also use other means of assisting workers to save, plan, and make good retirement decisions. For example, telephone centers can provide immediate responses to benefit questions. One benefit of phone counseling versus a workshop is that counselors can make "warm transfers" when an employee decides to up his 401(k) contribution, notes Pettus of Ernst & Young, whose call center receives 295,000 inquiries a year from employees at client firms. In this case, a counselor will get a representative of the company's 401(k) plan administrator on the line while the employee is still connected. This is an effective way to counter the inertia that is often the underlying cause of many employees' poor financial decisions: according to Pettus, "the mission of these programs should be to drive employees to action."

It is also important for companies to have an integrated policy on financial education for all of its employees. Whether it is phone counseling, web portals, seminars, or one-on-one sessions, Pettus argues that it is useful to look at three components of a program: project management, as in why it is being implemented and what strategy will be followed; integration of service providers; and consistency regarding message and deployment across organizations. The best programs, she says, have an identity that is packaged and marketed well.

Conclusions

All agree that workers on the verge of retirement must make a series of retirement-related decisions that will determine their economic well-being for years to come, but many employees still lack basic financial education and knowledge to make these decisions. Employers have a vested interest in their employees making good retirement choices that facilitate their transitions from the firm. For this reason, workplace financial education is one of the best places for older workers to enhance their financial literacy. Survey evidence indicates that participants in these programs can and do learn and on the basis of their greater understanding of their retirement programs, employees modify their retirement plans. Workers appreciate and value these programs and give their employers credit for providing this employee benefits. For employers, providing high quality programs can be a good business decision.

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Endnotes

[1] Results from the study's first-year are forthcoming in Clark, Morrill, and Allen (2010). Robert Clark and Melinda Morrill will be working with several employer partners to evaluate the financial education and retirement benefit information provided by these employers to their newly hired employees. A recent survey by the N.C. State University College of Management Accounting Department illustrates that lack of financial literacy is also very prevalent among America's youth, and it found that 90 percent of N.C. State undergraduate students consider themselves financially illiterate.

[2] The Center is described at http://www.rand.org/news/press/2009/10/07/financial_literacy.html .

[3] The 2010 Pension Research Council annual conference will discuss financial literacy; see http://www.pensionresearchcouncil.org/conferences/conf-2010.php

[4] Lusardi and Mitchell (2007) provide evidence from the Health and Retirement Survey regarding the impact of planning on lifetime wealth.

[5] For more information, see: http://www.mgt.ncsu.edu/projects/finra/.

[6] For more information contact John Maron, Director, Investor Education Program Securities Division, N.C. Department of the Secretary of State, at jmaron@sosnc.com.

[7] Automatic enrollment requires the employer to specify a default level of contributions and a default investment option.

[8] These results, based on findings by Clark, Morrill, and Allen (2010 forthcoming), report on surveys of individuals attending retirement planning programs sponsored by nine large national employers. Funded by the FINRA Investor Education Foundation, the project investigates and evaluates employer-provided pre-retirement planning seminars. More

information about this project, including an example survey and recent working papers, is available on the project website at: http://www.mgt.ncsu.edu/projects/finra.