

Evaluation of Workplace Personal Financial Education

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This study investigated the evaluation of a financial education seminar after delivery. The survey results show that participants were satisfied and intended to take actions in personal finances due to the financial education. Workers who participated in the financial educational seminar wanted additional future financial education. They were interested in various topics for future financial education. These results support the need for workplace financial education.

Introduction

Employees have more responsibilities for their personal finance than ever before, partly because of the need to save and invest for retirement. People have a variety of resources to achieve their financial goals. Even though employees want to be financially secure, many of them feel a shortage of information to make effective financial decisions.

Workplace financial education can provide essential knowledge on personal finance for employees. Workplace financial education has been an important information source for employees, and they use the information for their financial decision making (Bernheim & Garrett, 1996). Many employers are responding to the demands of their employees to offer financial education.

Employers, employees, and personal finance educators are interested in the effectiveness of financial education in changing workers' financial behaviors.

The effectiveness of financial education can be increased if educators are aware of participants' interests. The reactions and ratings of workplace financial education can be useful in developing future educational programs.

This study was designed (1) to assess the employees' ratings and reactions to a financial education seminar, (2) to determine the intended financial actions due to the financial education received, (3) to identify the topics of interest for future financial education, and (4) to assess the current financial behaviors of employees.

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Taylor-Carter, Cook, & Weinberg (1997) examined the effects of participating in a short-term retirement planning seminar on anticipated financial leisure-oriented satisfaction. They found that a retirement planning seminar was effective in enhancing feelings of financial planning. DeVaney, Gorham, Bechman, & Haldeman (1995) found that financial education was associated with a change in savings and investing behaviors. Fletcher, Beebout, & Mendendall (1997) evaluated personal finance education at the worksite with a pre- and post-assessment. They found that the financial education led to important changes in knowledge, attitudes and behaviors.

Procedures

A 37-item questionnaire was developed to evaluate a financial education seminar. It was composed of 7 items on ratings on the financial education seminar, 11 questions on reactions to financial educational seminar, 8 items about intended financial actions due to the seminar, 4 items on current efforts toward retirement, 4 questions on interests in future financial educational seminars, and 6 demographic questions. The participants in this study were workers at the corporate headquarters of Interpublic Group Advertising in New York City who participated in a financial educational seminar. The financial education seminar presenter was Jordan Goodman.

The questionnaire was distributed after the financial education seminars were delivered and collected on the spot in May 1998. One hundred

and five questionnaires were collected and 104 of them were used for data analysis.

Findings

The demographics of the participants are reported in Appendix A. Sixty-nine females (66.3%) responded to the survey compared to 35 males (33.7%). Nearly half of them were never married (48.1%) and forty-six people (45.1%) reported they were married. Regarding educational attainment of the respondents, 77 percent (n=80) had more than a four-year college education. Thirty percent of them held a graduate or professional degree. The two major age groups were in the age range of 30 to 39 years and 20 to 29 years. The mean age was 36.1 with a range of 20 to 72. Forty-two percent out of 104 respondents reported their annual household earnings as above \$70,000 annually. Thirty four percent of them reported that they earned less than \$50,000 annually.

Ratings of Financial Education Seminar

The respondents were asked to rate 7 categories of financial education seminar on a 5-point scale ranging from "poor" to "excellent." The percentage of people who chose the 2 categories on the end of scale, "excellent," is reported in Table 1. The results show that most of the respondents (ranging from 88% to 100%) rated in 2 categories on the end of "excellent." The instructor's delivery and style had the highest mean. The responses of categories were a little different by gender. More females rated the seminar materials as excellent than did males.

Table 1
Rating of financial education seminar

	Total (n=104) Mean (percent)	Male (n=35) Mean (percent)	Female (n=69) Mean (percent)
Overall Benefits	4.75 (97.1)	4.62 (97.1)	4.82 (97.1)
Value of Information	4.79 (99.0)	4.64 (100)	4.87 (99.5)
Seminar Materials	4.50 (88.0)	4.24 (84.8)	4.63 (91.0)
Use of Visual Aids	4.69 (96.0)	4.56 (96.9)	4.75 (95.5)
Instructor's Delivery and Style	4.93 (100)	4.88 (100)	4.96 (100)
Time Schedule	4.64 (93.0)	4.67 (100)	4.63 (89.6)
Location	4.72 (95.9)	4.72 (100)	4.73 (93.9)

Notes: The percent reported represents the percentage of the two responses on the end of "excellent." Means are provided with a Likert Scale of 1 given to "poor," and 5 to "excellent."

Evaluation of Financial Education Seminar

Respondents were given 8 evaluation questions about the financial education seminar. They were asked to choose one of four answers: “strongly agree,” “tend to agree,” “tend to disagree,” and “strongly disagree.”

Table 2 shows the percentage of people who tended to agree and strongly agreed to the questions about the reactions to the financial education. They felt the seminar improved their appreciation and understanding of the employer’s benefit and retirement plans. Respondents reported that the sections of “investing,” “retirement planning,” “budgeting,” and “credit management” were more valuable to them in the financial education seminar. One hundred two people responded they would recommend the seminar to others.

Current Efforts Toward Retirement

Current efforts toward retirement are shown in Appendix B. Three quarters of the respondents had not previously attended any seminar or workshop on financial education. Most respondents (75%) were participating in a savings and investment program through their workplace. Seventy five percent of them contributed more than 6 percent of their gross earnings to the 401(k) plan. About 17 percent of the respondents responded they were not contributing any of their gross earnings to 401(k) plan. A similar number of people (18.7%) indicated they were contributing 16 to 20 percent of their gross earnings to the 401(k) plan.

Table 2
Satisfaction with financial education seminar

	Total (n=104) Mean (%)	Male (n=35) Mean (%)	Female (n=69) Mean (%)
Overall, the financial education seminar was beneficial	1.13 (99.0)	1.26 (97.1)	1.07 (100)
There was sufficient time for participants to ask questions during and after the seminar	1.31 (97.1)	1.46 (97.1)	1.23 (97.1)
The seminar helped me better appreciate my employer’s savings and stock purchase plan.	1.38 (96.2)	1.43 (94.3)	1.35 (97.1)
The seminar helped me understand how my employer’s retirement benefits fit into my plan for retirement.	1.42 (96.2)	1.51 (94.3)	1.38 (97.1)
The seminar increased my appreciation about the fringe benefits that my employer offers, other than the 401(k) retirement plan.	1.51 (95.1)	1.51 (94.3)	1.51 (95.6)
The seminar provided information that helped me feel more comfortable making independent decisions about my financial future.	1.42 (96.2)	1.51 (97.1)	1.38 (95.7)
The financial education seminar met my needs and expectations.	1.43 (97.1)	1.63 (94.3)	1.33 (98.6)
I was very satisfied with the financial education seminar.	1.25 (99.0)	1.40 (97.1)	1.17 (100)

Notes: The percent reported represents the percentage of the responses to “Strongly agree” or “Tend to agree.” Means are provided with a Likert Scale of 1 given to “Strongly Agree,” 2 to “Tend to agree,” 3 to “Tend to disagree,” and 4 to “Strongly Disagree.”

Intended Actions Regarding Personal Finances

Employees who participated in the seminar planned to take actions regarding their personal finances as a result of the seminar. Ninety-two percent of the people planned to take actions and ten percent of the people answered “maybe.” The financial education was effective in motivating people to state that they intended to take financial actions in the future. Eight questions were asked to address whether or not specific actions would be taken.

Eighty five percent (n=82) of respondents reported that they would put money into savings and investments other than 401(k). Most of them responded that they would determine how much they need for their comfortable retirement (83.2%) and evaluate their contribution to their 401(k) retirement plan (74%).

Table 3
Intended actions regarding personal finances

Survey Questions	Yes	No	N/A
I will put money into savings and investments other than the 401(k) retirement plan.	84.5	10.3	5.2
I will determine how much I will need for a comfortable retirement.	83.2	11.5	3.8
I will evaluate my contribution to 401(k) plan.	74.0	9.0	17.0
I will seek more financial information from personal in the human resources department.	58.8	33.0	8.2
I will change the investments within my 401(k) retirement plan.	54.3	22.3	23.4
I will increase my contributions to 401(k) plan.	45.8	20.8	33.3
I will seek the services of a financial adviser.	37.9	49.5	12.6
I do not contribute to the 401(k) plan now. However, as a result of the seminar, I plan to start saving in the 401(k) retirement plan.	28.7	2.3	69.0

Interest In Future Financial Education Topics

Ninety-six percent (n=99) of the respondents said they would attend future financial educational seminar if provided. They were also asked to check the financial education topics that might be of interest to them. The results are shown in Table 4. Investing and retirement planning were the most interesting topics to the participants. They were interested in several topics: early retirement, budgeting, cash management, life insurance, college planning, tax planning, credit management, estate planning, rental property investment, insurance planning, elder parent care, Educational IRA, education funding, living trusts, and consumer protection laws.

Table 4
Interest in future financial education topics

Topics	Yes (%)
Investing	78.2
Retirement Planning	69.2
Early Retirement	47.5
Budgeting	45.5
Cash Management	43.3
Life Insurance	35.6
College Planning	34.7
Tax Planning	34.6
Credit Management	30.7
Estate Planning	30.7
Rental Property Investments	29.7
Insurance Planning	29.7
Elder Parent Care	27.7
Education IRAs	28.7
Education Funding	25.7
Living Trusts	18.8
Consumer Protection Laws	12.9

Discussion

Evaluation of workplace financial education seminars can provide important feedback to both financial educators who delivered the program and to the employers. These findings showed that participants assessed the financial educational seminar positively in terms of instructor’s delivery and style, value of information, overall benefits, location, use of visual aids, time schedule, and seminar materials. The participants were satisfied with the seminar and evaluated the financial education as very beneficial and informative. They reported that

the education helped them to understand and appreciate an employer's benefits. They highly valued the investing, retirement planning, budgeting, and credit management portions of the seminar.

Even though most of the respondents were currently making efforts in savings and retirement planning through their workplace retirement plan, they do not yet have enough information to make the best decisions. The majority of the respondents were contributing to the 401(k) plan but they did not determine how much they needed to save for retirement.

Most of the participants said they would take some personal finance actions as a result of the financial education seminar. Three fourths of respondents were contributing to a workplace saving and investment plan. The education may lead many people to put money into savings and investments other than the 401(k) retirement plan. High participation and maximization rates in 401(k) plan explained the lower responses of "yes" in questions related to the 401(k) plan. Two thirds of the respondents have not yet determined how much they need to save for a comfortable retirement, however eighty percent planned to do so as a result of financial education. Intended actions of participants may be related to their current retirement planning behaviors.

Most of the respondents were interested in attending additional financial education seminars. Although most of the respondents expressed interest in retirement planning and investing, various topics were of interest to them. To meet their diverse interests, more comprehensive education is suggested. Overall, the financial education seminar was effective in providing financial information and changing employees' financial behaviors.

Implications

This research provides useful information and implications for financial educators and employers. Evaluation of financial education can provide feedback to the financial educators who delivered the program. Knowing the reactions and satisfaction of participants to the education is essential to increase the effectiveness of education.

The findings of this research suggest that employers need to provide additional workplace financial education. Employees are satisfied with financial educational seminar. Many workers are taking positive steps in saving and investing for their retirement. However, the information for workers to make the best decisions about retirement planning cannot be provided in a single seminar.

References

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Appendix A

Demographic characteristics of respondents (n=104)

Demographic Characteristics	Respondents (%)
Gender	
Male	33.7
Female	66.3
Marital Status	
Married	45.1
Widowed	2.0
Separate/divorced	2.9
Never Married	49.0
Other	1.0
Educational Attainment	
High school	8.7
Some college/Vocational Training	14.4
College Graduate	46.2
Graduate/Professional degree	30.8
Age	
20 to 29	34.1
30 to 39	35.2
40 to 49	16.5
50 to 59	12.1
60 to 69	1.1
70 to 79	1.1
Household annual income	
Less than \$ 20,000	3.1
\$ 20,001- \$ 30,000	7.1
\$ 30,001- \$ 40,000	12.2
\$ 40,001- \$ 50,000	15.3
\$ 50,001- \$ 60,000	15.3
\$ 60,001- \$ 70,000	7.1
More than \$ 70,001	42.9

Appendix B

Current efforts toward retirement (n=104)

Efforts	Response	%
Previous attendance at other seminar or workshop on financial education	Yes	26.0
	No	73.0
	N/A	1.0
Current savings and investment program through workplace	Yes	75.0
	No	19.2
	N/A	5.8
The percentage of 401(k) retirement plan contribution to the gross earnings from work	None	17.6
	1-5%	6.6
	6-10%	48.4
	11-15%	8.8
	16-20%	18.7
Determination of how much needed to save for a comfortable retirement	Yes	33.0
	No	67.0