

Workers Want More than Retirement Education at Their Workplace: A Report of Research Findings

So-hyun Joo¹ and E. Thomas Garman²

This study asked workers what future financial education programs they would like to see offered at their place of employment and investigated whether the desired workplace education programs differed by workers' demographic characteristics. The importance of workplace financial education is also addressed. Recommendations and implications for workplace financial education are offered for personal finance educators, employers, and human resource managers.

Introduction

Many Americans are not at ease with their personal finances. Many lack competency in the basics of personal finance management and in their knowledge of investments. One-third of today's workers are not even saving for retirement. Atchley (1998) has observed that personal finance education is essential for all Americans because it deals with basic life skills and it is directly related with person's financial wellness. A recent study of workers by Joo (1998) found that the personal finance education is needed because they are not knowledgeable about their personal finances. In addition, they are not ready for retirement, they exhibit poor financial behaviors, and they are experiencing a number of financial stressors which negatively affects their lives.

One of the best places to educate people on personal finance topics is at their place of employment. Human resources managers understand the importance of personal finance education as a major component of a good employee benefits program. According to recent survey by the International Society of Certified Employee Benefit Specialists and the Employee Benefit Survey Group of Deloitte & Touche,

“investment education” is now “the top concern of employee benefits professionals (Burzawa, 1998, p.32).”

There currently are a number of delivery systems for workplace financial education. These include: one-on-one financial planning, budget and credit counseling, referral to non-profit debt management, seminars and workshops, lunch-and-learn sessions, computer-generated financial decision making, telephone “hotline” on financial concerns, computer diskettes CD-ROMs, videos and audio tapes, workbooks, printed materials, newsletters, and information retrieval and decision making on the Internet and intranet. However, most of today's traditional workplace financial education is focused primarily on estimating one's financial needs in retirement saving and investing for retirement.

Workplace financial education—especially that which takes a comprehensive approach to the subject—has the potential to offer a tremendous number of benefits to workers, their families and their employers. It can improve a worker's personal financial wellness (Kratzer, Brunson, Garman, Kim, & Joo, 1998). It can be effective in improving workers' financial behaviors, especially in increasing amounts saved and invested for retirement (Bernheim & Garrett,

¹ Visiting Professor, Department of Merchandising, Environmental Design, and Consumer Economics, Texas Tech University, and Research Affiliate, Virginia Tech, Center for Organizational and Technological Advancement, Personal Finance Employee Education. MEDCE Department, Box 41162, Lubbock, TX 79409-1162. Phone: (806) 742-3050. E-mail: sjoo@hs.ttu.edu

² E. Thomas Garman, *Personal Finances and Worker Productivity*, Volume 2, Number 2, November 1998 pp. 156-161. At the time of publication, Garman was Professor and Fellow, Center for Organizational and Technological Advancement, and Director of the National Institute for Personal Finance Employee Education, Virginia Tech, Blacksburg, VA 24061. Garman retired in 2000 as Professor Emeritus at Virginia Tech. E. Thomas Garman, Distinguished Scholar and Director of Educational Services, InCharge Institute of America, 1768 Park Center Drive, Suite 400, Orlando, FL 32835; E-mail: tgarmen@incharge.org; Phone: 407-532-5883; Fax: 407-532-5750; Web: InCharge.org.

1996; DiPaula, 1998; Gorbach, 1997; Kratzer et al, 1998; Milligan, 1998). It also can help improve job productivity (Garman, Leech & Grable, 1996; Joo & Garman, 1998; "Management Briefing," 1998). Financial education can be used to both recruit and retain valuable workers (Decker, Decker & Love, 1998; Pomeroy, 1998). And it fulfills the U.S. Department of Labor (DOL) requirements for employers offering defined-contribution pension plans, such as a 401(k) plan. The DOL currently recommends education on investment basics and retirement savings.

Many argue that workplace financial education is needed today more than ever (Dutton, 1997; "Management briefing," 1998). However, little research has attempted to identify workers' preferences for workplace financial education (Bernheim & Garrett, 1996; Gorbach, 1997; Kim et al, 1998; Tiras, 1997) except for traditional topics associated with retirement. This is in spite of the fact that workers, much like voters in an election, know what they want and what will help them. Workers only have to be asked. Smart employers are listening to their employees and are moving toward furnishing workers with information that helps them "make better decisions" (Pomeroy, 1997) so they can find money with which to fund their retirement plans.

The purposes of this study were (1) to explore the workers desired future financial education programs at the workplace, and (2) to investigate whether the desired workplace education programs differ by consumers' demographic characteristics.

Method

The research design of the study included design of a questionnaire, a mail survey, and data analysis.

Design of Questionnaire

A survey research design was undertaken to investigate the desired personal finance education programs of workers. A questionnaire was developed and pre-tested. The instrument inquired about desired future workplace education program and eight demographic characteristics (age, education, gender, marital status, household income, ethnicity, housing tenure, and number of financial dependents).

Mail Survey

A mail survey (N=474) of white collar clerical workers of a large employer in a mid-eastern state was conducted during the spring of 1998. From a random sample of 447 (27 out of the original 474 were undeliverable), 295 questionnaires were returned (65.9%). Seventeen questionnaires were determined unusable resulting in a 62.3% usable return rate (278/447).

Data Analysis

To examine the workplace financial education programs desired by workers, descriptive analysis was conducted. To explore the relationships between each workplace financial education area and demographic characteristics, chi-squares and t-test were conducted according to the characteristics of the variables. The alpha level was set at .05 throughout the study, therefore, the discussion of the results focuses on findings that are statistically significant at or beyond the .05 level.

Sample

The majority of the respondents were female (96.4%), while only 3.6% of the respondents were male. The mean age was 43 years old. The largest group (35.8%) were in their 40s, about one-fourth (24.2%) were in their 30s, and more than two-tenths (23.2%) were in their 50s. About one-tenth (11.6%) were in their 20s, and 5.2% were in their 60s. About three-quarters (74.7%) had beyond high school education (trade, vocational training, associates', some college, bachelors, and graduate). Almost half (49.3%) had household income of less than \$50,000. About three-tenths (29.2%) had a household income between \$50,000 to \$80,000, and 5% reported more than \$80,000. About two-thirds (64.9%) were married. Over 90% were white, while African American made up most of the remainder (9.7%). The mean age of the respondents and the population was almost same. The distributions of the length of employment of the respondents and the population were similar. The population had average 11 years of employment with the current employer.

Results and Discussion

Desired Workplace Financial Education

The respondents were asked to indicate which financial education programs that they would participate, if available in the future.

Financial Education Topics Desired

As shown in Table 1, a total of 12 topics of workplace financial education were investigated. Some respondents also wrote in additional suggestions (under “other”). Six-tenths (60.5%) of the respondents wanted to participate in additional retirement planning programs. Almost half (48.7%) of the respondents reported that they would participate in investment education programs. Almost three-tenths (27.7%) of the respondents reported that they want estate planning education. About a quarter (25.8%) wanted tax planning education. These are traditional retirement education topics.

These workers, however, wanted more than just retirement education. About four-tenths (42.1%) of the respondents said they would participate in workplace financial education on the topic of budgeting. More than one-third (36.2%) of the respondents desired a financial program that deals with reducing consumer debt. About one-third of the respondents (33.6%) reported that they would participate in workplace financial education if there was a program that dealt with understanding employer-provided fringe benefits. Credit management programs were selected by 22.1% of the respondents. Another 22.1% chose consumer protection law programs as a desired future financial education program.

About one-fifth (20.3%) expressed a desire to learn about college planning. Home buying education was selected by 16.2 % of the respondents. Over one-tenth (14.4%) answered that they were interested in learning more about buying insurance. A handful of people (3.3%) reported a desire for other programs, including: reversing a bad credit rating, writing a will, drafting a living will, comprehensive financial planning, and ways to earn a second income from home.

These findings reveal that workers wanted to receive comprehensive workplace financial education, instead of narrowly focused retirement education. Comprehensive personal finance employee education aims to educate workers to make informed decisions about (1) employer-sponsored retirement plans, (2) other employer-furnished fringe benefits, (3) credit and money management, and (4) consumer protection rights (Garman, 1998b). The logic is that informed decisions in these areas help workers find money to fund their retirement plans. It has been argued

that with good choices and actions even “workers with money problems can improve their financial situation within one year to begin contributing [perhaps \$1200 a year] to their retirement plans” (Garman, 1998a).

Table 1
Responses to Desired Future
Financial Education Programs

Item	Yes		No	
	n	%	n	%
Retirement planning	164	60.5	107	39.5
Investing	132	48.7	139	51.3
Budgeting	114	42.1	157	57.9
Getting out of debt	98	36.2	173	63.8
Understanding benefits	91	33.6	180	66.4
Estate planning	75	27.7	196	72.3
Tax planning	70	25.8	201	74.2
Managing credit	60	22.1	211	77.9
Consumer protection laws	60	22.1	211	77.9
College planning	55	20.3	216	79.7
Buying a home	44	16.2	227	83.8
Buying insurance	39	14.4	232	85.6
Other	9	3.3	262	96.7
No answer	18	6.6	253	93.4

Number of Financial Education Topics Desired.

The respondents were asked to indicate all of the financial education program topics that interested them. More than 90% of workers indicated that they wanted additional financial education in one or more areas. As shown in Table 2, about one-fifth of the respondents (20.7%) desired two financial education programs. About one-sixth (16.2%) chose three programs, 13.7% chose four, 11.8% chose five, and one-tenth (10%) chose one program. Workers clearly are interested in additional workplace financial education. This finding supports the need for comprehensive workplace financial education.

Desired Financial Education Program and Demographic Characteristics

The second research question of this study was to examine the desired financial education program topics based on the demographic characteristics of the respondents. The eight demographic characteristics were age, education, gender, marital status, household income, ethnicity, housing tenure, and number of financial dependents. The desired future financial education program topics was not related to the respondents’ gender, marital status, or ethnicity, although it was related to 5 other demographic characteristics.

Table 2
Number of Desired Financial Education Programs Chosen by Respondents^a

Number	n	%
0	18	6.6
1	27	10.0
2	56	20.7
3	44	16.2
4	37	13.7
5	32	11.8
6	23	8.5
7	13	4.8
8	6	2.2
9	4	1.5
more than 10	11	4.0
Total	271	100.0

$\bar{M} = 3.73$ $\bar{D} = 2.54$

Age. The respondents' age was related to the choice of desired financial education program. Older respondents were more likely to desire educational programs on "understanding benefits" ($t = -2.33, p .05$), retirement planning ($t = -2.95, p .05$), and estate planning ($t = -4.11, p .05$) than younger respondents. Younger respondents were more likely to want financial education on credit management ($t = 2.51, p .05$), college planning ($t = 3.88, p .05$), budgeting ($t = 4.38, p .05$), and buying a home ($t = 4.60, p .05$) than older respondents. For the other educational programs (investing, tax planning, getting out of debt, consumer protection laws, and buying insurance) no age differences were identified.

Education Level. The respondents' education level was related to the desire for future financial education program topics. Those who had higher educational achievements tended to want financial education on investing ($\chi^2 = 7.93, p .05$) and retirement planning ($\chi^2 = 7.78, p .05$) compared to the lower education group.

Household Income. Household income showed significant relationships with desired financial education program topics. Those who had lower levels of household income were more likely to choose financial education on home buying ($t = 3.01, p .05$), getting out of debt ($t = 2.03, p .05$), and budgeting ($t = 2.61, p .05$), compared to those with higher incomes. The higher income

respondents were more interested in financial education program on estate planning ($t = -2.50, p .05$) than those with lower incomes.

Housing Tenure. Housing tenure showed a significant relationship with desired financial education topics. This is reasonable because housing tenure is related to household income. Renters were less likely to desire education on estate planning ($\chi^2 = 4.40, p .05$). Homeowners were less likely to want education on home buying ($\chi^2 = 90.63, p .05$). Renters were more likely to want education on budgeting ($\chi^2 = 14.14, p .05$), debt management ($\chi^2 = 5.70, p .05$), and credit management ($\chi^2 = 5.44, p .05$).

Number of Dependents. The number of financial dependents also had a significant relationship with the desired financial education program topics. Those who had more financial dependents were more likely to choose education program on debt management ($t = -2.05, p .05$), budgeting ($t = -2.23, p .05$), and college planning ($t = -7.82, p .05$).

Conclusions

The findings of this study demonstrate that workers are interested in workplace financial education on a lot of personal finance topics, rather than narrowly focused retirement education. Workers are interested in financial education on investments and retirement and also on budgeting, employee benefits, credit management, and consumer protection laws.

These findings also suggest that the socioeconomic level of workers (e.g., income, education, and home ownership) is likely to affect worker participation in specific financial education programs offered by employers. Workers with a high socioeconomic status are likely to attend financial education programs on retirement planning, investing, and estate planning. Those of lower socio-economic status are likely to attend workshops or seminars on budgeting, getting out of debt, and home buying.

In addition, certain demographic characteristics, such as age and number of financial dependents, can also affect participation in future financial education programs. Younger workers and those with a number of financial dependents are likely to attend certain workshops (credit management,

^a Sum of the 13 list of desired financial education program chosen by respondents

college planning, budgeting, and buying a home) that will not interest older workers and those with few or no financial dependents. Older workers and those with few if any financial dependents are likely to attend workshops focused on understanding benefits, retirement planning, and estate planning.

Workplace financial education programs should be designed to meet the needs of workers all of them. The special interests of some workers are different from others, and demographic characteristics are part of those differences.

Recommendations

These research findings support the need for financial education at the workplace. Based on this research, employers, financial service providers, and educators are advised to develop workplace financial education programs on a variety of topics instead of solely on narrowly focused retirement education. In addition, the workers' specific needs should be considered when designing workplace financial education topics.

Targeted marketing of workplace financial education according to socioeconomic status and certain demographic characteristics seems appropriate. Such efforts will probably help the financial education provider, whether the employer or an outside organization, obtain maximum participation in specific workshops by those workers who are interested.

Research that more precisely examines the effects of workplace financial education is recommended. Researchers have asserted the importance of workplace financial education (Atchley, 1998; Brown, 1979; Garman, 1998a; Garman, 1998b; "Management briefing," 1998; Luther, Garman, Leech, Griffitt, & Gilroy, 1997). Additional investigation is needed to examine workplace financial education, its effectiveness, and its relationship with both personal financial wellness and job productivity. To obtain a high return from an investment in workplace financial education, employers and workers need to know which financial education programs are the most effective. In other words, what works and why?

References

- Atchley, R. C. (1998, January). Educating the public about personal finance: A call for action. *Journal of the American Society of CLU & ChFC*, 28, 30-32.
- Bernheim, B. D., & Garrett, D. M. (1996, March). The determinants and consequences of financial education in the workplace: Evidence from a survey of households. *Stanford Economics Working Paper #96-007*.
- Brown, R. C. (1979). The need for employee financial counseling: An industry perspective. In D. C. Myhre (Ed.), *Financial Counseling: Assessing the state of art* (pp. 29-38). Blacksburg, VA: Financial counseling project, Extension Division, Virginia Polytechnic Institute and State University.
- Burzawa, S. (1998). Employee financial planning needs rise to top of workplace benefit concerns, and industry responds. *Employee Benefit Plan Review*, 52 (10), 32-36.
- Decker, L. R., Decker, K. L., & Love, H. (1998). Financial planning: How Schlumberger builds a partnership with its employees. In E. T. Garman, S. Joo, I. E. Leech & D. C. Bagwell (Eds.), *Personal Finances and Worker Productivity 2* (1) (pp.108-114). Roanoke, VA.
- DiPaula, R. (1998). From the dream of retirement to the reality of integrating financial education with employee benefit services. In E. T. Garman, S. Joo, I. E. Leech & D. C. Bagwell (Eds.), *Personal Finances and Worker Productivity 2* (1) (pp.149-151). Roanoke, VA.
- Dutton, G. (1997). Nurturing employees and the bottom line. *HR Focus*, 74, 1.
- Garman, E. T. (1998a). Personal finance education for employees: Proving the case. *Financial Counseling and Planning*, 9.
- Garman, E. T. (1998b). Lowering employers' costs with financial education and incentives to improve workers' personal financial lifestyles. Unpublished manuscript, Virginia Tech.
- Garman, E. T., Leech, I. E., & Grable, J. E. (1996). The negative impact of employee poor personal financial behaviors on employers. *Financial Counseling and Planning*, 7, 157-168.
- Gorbach, T. R. (1997). A case for comprehensive financial education in the workplace. In E. T. Garman, J. E. Grable, & S. Joo (Eds.), *Personal Finances and Worker Productivity 1* (1) (pp. 66-70). Roanoke, VA.

Joo, S. (1998). Personal financial wellness and worker job productivity. Unpublished doctoral dissertation, Virginia Polytechnic Institute and State University.

Joo, S., & Garman, E. T. (1998). The potential effects of workplace financial education based on the relationship between personal financial wellness and worker job productivity. In E. T. Garman, S. Joo, I. E. Leech, & D. C. Bagwell (Eds.), *Personal Finances and Worker Productivity: 2* (1) (pp.163-174). Roanoke, VA.

Kim, J., Bagwell, D. C., & Garman, E. T. (1998). Evaluation of workplace financial education. In E. T. Garman, S. Joo, I. E. Leech, & D.C. Bagwell (Eds.). *Personal Finances and Worker Productivity 2* (1) (pp.187-192). Roanoke, VA.

Kratzer, C. K., Brunson, B. H., Garman, E. T., Kim, J., & Joo, S. (1998). *A research study: Insights into participation in workplace financial education at Southeastern Chemical Producer, Incorporated*. Personal Finance Employee Education Report Number 1998-04. Virginia Polytechnic Institute And State University, Blacksburg.

Luther, R. K., Garman, E. T., Leech, I. E., Griffitt, L., & Gilroy, T. (1997). *Scope and impact of personal financial management*

difficulties of service members on the Department of the Navy. Scranton, PA: Military Family Institute, Marywood University.

Management briefing: Need for investment education becoming clearer. (March, 1998). Findley Davies, OH. Unpublished manuscript.

Milligan, E. (1998). How employee assistance counselors can become more comfortable helping clients with financial problems. In E. T. Garman, S. Joo, I. E. Leech & D. C. Bagwell (Eds.), *Personal Finances and Worker Productivity 2* (1) (pp.56-58). Roanoke, VA.

Pomeroy, W. R. (1997). The EDSA Group: Financial education program. In E. T. Garman, J. E. Grable, & S. Joo (Eds.), *Personal Finances and Worker Productivity 1* (1) (pp. 92-93). Roanoke, VA.

Pomeroy, W. R. (1998). Quantifying the benefits of The EDSA Group's financial education programs. In E. T. Garman, S. Joo, I. E. Leech & D. C. Bagwell (Eds.), *Personal Finances and Worker Productivity 2* (1) (pp.79-80). Roanoke, VA.

Tiras, S. (1997). Cover the basics in financial education. *HRMagazine*, 42 (11), 119-124.