

## Why Workplace Financial Education Should Be Part Of Every Employer's Agenda

Financial education became compulsory for British schools in September, which is great news for younger generations who will start their careers with the nous with which to make informed decisions about their finances.

But what about our working population that struggles to make take-home pay cover even the most basic everyday costs of living?

Financial stress is a common preoccupation for people at this time of year, as many struggle to work out how to fund a perfect Christmas for their loved ones. Even the more affluent among us will have their own set of financial worries, such as how they will secure the finance required to up-size their family home in time for the next school year.

Employers that feel no sense of responsibility to support their staff should consider the consequences of doing nothing.

Staff suffering with financial stress will be preoccupied at work and, therefore, less productive, with absenteeism being the worse case scenario.

Research conducted by employee benefits provider Sodexo Benefits and Rewards Services earlier this year found that of 760 UK employees ranging from 18 to 64 year-olds, the age group worst affected by financial stress were those aged 18-34. Among this group, more than a third of employees claimed their productivity had been damaged due to money worries, and across the whole workforce 32% admitted calling in sick due to stress, with 36% stating that financial pressure was the main reason.

By tackling the causes of finance-related absenteeism, employers can help to boost employee wellbeing, which in turn can help to bolster their corporate social responsibility (CSR) agendas, so it's a win-win approach for all concerned.

So, how can employers help?

Some employers offer workplace financial products such as individual savings accounts in addition to share schemes and pension schemes.

Workplace loans are growing in popularity, which on the surface sounds wonderfully paternalistic and a welcome lifeline for staff at the mercy of hefty loans with crippling repayment terms.

However, when loans are offered with APRs of 40% and above, one wonders about the ethics around such provision. Surely, a more ethical approach, and one in keeping with a best practice CSR policy, would be for an employer to charge enough to cover the cost of the credit facilities that they are offering.

Many more employers are offering workplace financial education, covering all manner of topics including how a mortgage works and student loan management for younger staff, financial planning for middle-aged workers and retirement planning for older staff, which may not necessarily mean the end of their careers.

Many staff are opting to work into old age on a full-time or part-time basis, some out of necessity and others because of a desire to remain active in later life, and able to do so.

Employer-funded access to financial advice is common in professional services and legal firms, with other companies offering it on a discounted basis or at full price for their staff.

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But this could be easily overcome by segmenting employees into, say, age groups to which they can tailor financial support, as per the aforementioned groups of employees.

Thirdly, many employers will question whose responsibility the provision of financial education is. Is it employers, is it the state through education or should it be down to individuals themselves to take full responsibility for their finances?

But as Joe Gladstone explained in my last article, people don't make rational decisions about things, and this is very often the case with their finances, intentionally or not, so support is required.

It's time for employers to tackle the issue, if only by signposting external sources of information and support for staff.

### **Common forms of financial education**

#### **Workplace seminars**

Offsite sessions can help to focus employees' minds.

#### **Access to independent financial advice**

This is becoming increasingly common.

#### **Online financial calculators and modeling tools**

Many financial education services providers offer these.

#### **Line management support**

But staff must feel able to confide in them.

#### **Signposting to external resources**

This could include debt advisory services, employee phone support and community-based courses offered through charities.

#### **Debt management/counseling**

This can prove highly successfully for staff in need.