

## **Rocky Mountain Conference on Aging Aging in the Workplace**

### **Financial Education for Older Workers**

Presenter Name: Steve Martin

Presentation Date and Time: October 24, 2007: 2:00-3:00pm

Martin used the Personal Finance Employee Education Foundation, Inc., for the information in his presentation. He discussed why financial education is important, what employers can do to educate their employees, and ten practical hints for avoiding debt. Martin explained that financially unwell employees do not always make the best decisions for themselves or their employers. Many employers do not realize they can improve profits by helping employees access financial education. Financial education for older workers will also benefit younger workers.

1. Money worries hinder job performance. Employees are worried about low savings rates, poor investment choices, gas prices, health costs, etc. Workers with these concerns often have worse health, spend more time at work managing finances, and are absent more frequently. Financial distress hurts productivity.
2. Financial retirement in the USA today is the sole responsibility of the employee. The lack of financial literacy such as spending plans, credit management, and savings is the major reason employees do not save for retirement. The realities of employees' saving habits are: not saving enough, workplace education is unsuccessful, cannot afford to save (too much credit card debt), do not know how to save, and employers do not understand the value of providing employees with access to financial programs.
3. Ignoring financial literacy is estimated to cost employers \$750-\$2,000 per employee. Employers can save this money by demanding more from current 401(k) providers and insist on providing programs that emphasize the basics of personal finance such as spending plans, credit management/counseling, utilizing credit unions, accessing financial advice and saving. Both the employee and employer gain when financial education is provided.
4. The fundamentals: Have clear goals for the future. Save 10% of everything that you earn. Have sufficient liquid emergency funds. Fully fund your pension. Have the right-sized house, and own the home you live in. Have no credit card or consumer debt (spend less than you earn).

Submitted by: Leanna Miller, Colorado State University, October 25, 2007