Credit card debt and trouble saving for retirement top the list of personal financial challenges faced by many employees, a recent International Foundation survey of employers and plan sponsors shows.

Financial Education for Today’s Workforce: 2016 Survey Results reveals that more than half of respondents believe their participants face more personal financial challenges today than they faced five years ago.

The survey was conducted in January 2016 and asked member organizations in Canada and the United States about the various types of retirement and financial education offerings they provide to their employees and participants.

The survey received 406 completed responses, including 125 from Canada and 281 from the United States. About two in five respondents (38%) represent corporations, 45% represent multi-employer trust funds and 16% represent public employers/governmental entities. A wide variety of industries, fund sizes and provinces/regions are represented.

Challenges

Most respondents believe personal financial issues have a significant impact on the overall job performance of their participants, and one-third of respondents rate the overall stress level of their workforce as somewhat high or very high. The two most frequently cited work issues associated with financial challenges were stress and the inability to focus on work.

Nearly half of organizations rate their participant populations as only a little bit or not at all financially savvy. One-third of respondents say the average active participant in their organization at normal retirement age is only a little bit or not at all prepared for retirement.

More than half of respondents believe the generation in their workforce most likely to be able to retire on time with adequate income replacement is the Baby Boomer generation. Only about one in five believes Gen Xers or Millennials are the most likely to be able to retire on time with adequate income replacement.

Approach and Purpose

To combat these challenges, half of all organizations offer benefits literacy education, nearly half offer retirement security education and one in five offers financial literacy education. One-third of organizations offering financial education just started offering it in the past five years. Only 14% of organizations have a budget for financial education, but an additional one in four is considering adding one, and one-third of those with budgets plan to increase their budgets in the next 12 months.

The three most common reasons for providing financial education are increasing participants’ ability to manage money, improving participant retirement asset allocation/investment decisions and improving understanding of current benefits. In addition, more than two in five organizations have experienced increased demand from participants for financial education in the past five years.
Nearly two in five respondents feel a responsibility to educate on pension and benefit options, encourage retirement savings and help participants/employees become financially literate managers of their money. Nearly two in five believe their only responsibilities are to educate on pension and benefit options and encourage retirement savings. About one in five feels only a responsibility to educate on pension and benefit options.

Topics and Methods

One in five organizations providing financial education has assessed which topics participants need most. The most common topics are retirement plan benefits, preretirement financial planning, investments and retirement plan distributions.

Financial education is most commonly provided by plan recordkeepers/administrators, in-house staff and investment providers. Some of the most frequently used methods of providing financial education are voluntary classes and workshops, projected account balance statements and/or pension benefit statements, retirement income calculators, web-based/online resources and free personal consultation services. Respondents said the most effective methods of providing financial education were free personal consultation services, voluntary classes/workshops and web-based/ online resources and courses.

Strategies and Results

One in four organizations customizes financial education to specific groups, and nearly one in ten targets financial education around life events. Among organizations offering financial education, one-quarter provide it in a language other than English (most commonly Spanish and French). About two in five organizations currently offering financial education allow spouses/partners to participate, and nearly one-quarter offer education to retirees.

About one in ten organizations offering financial education provides incentives for participation, and one in ten makes the education mandatory. On the other hand, three in ten organizations providing financial education have an eligibility requirement for participation, and one in four does not offer education during normal work hours.

More than half of organizations use participant data to improve their retirement security/financial education efforts—most commonly to project upcoming retirement trends in their workforce.

On average, respondents state that about one-third of participants use provided financial education resources, and two-thirds of organizations offering financial education rate their initiatives/programs as successful.


### Most common financial challenges affecting participants

- **Credit cards and debt**: 66%
- **Trouble saving for retirement**: 60%
- **Saving for children’s education expenses**: 51%
- **Basic living expenses**: 48%
- **Paying medical expenses**: 36%
- **Supporting elderly parents**: 32%
- **Supporting adult children**: 28%
- **Paying off personal student loan debt**: 21%