

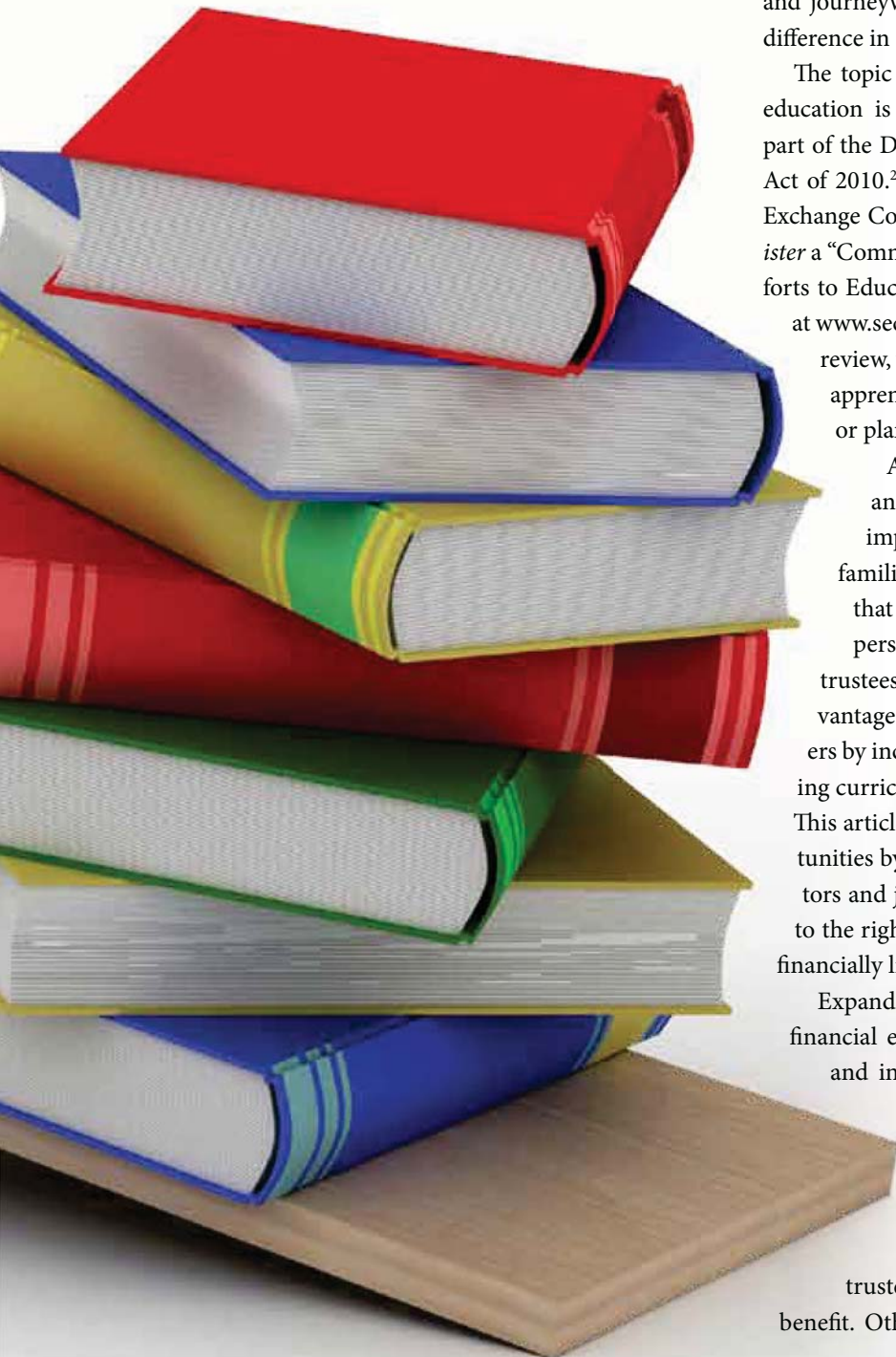


# Helping Apprentices Journeyworkers “Financially Fluent”

by | **Andrew E. Staab**

Apprenticeship training fund trustees, coordinators and instructors can make a positive difference in the lives of apprentices and journeyworkers by adding financial education to their curriculum.

# and Become



At an early age, we are often asked: “What do you want to be when you grow up?” It is a simple question that starts our career planning. At that early age, we are never asked: “What do you want to do when you retire?” That question is asked later in life, if at all. Unfortunately, for many persons, it is asked too late to make a difference.<sup>1</sup>

Apprenticeship and training fund instructors, coordinators and trustees are in a unique place to assist apprentices and journeyworkers early in their lives to make a positive difference in developing their financial literacy.

The topic of providing and evaluating financial literacy education is an important one—important enough to be part of the Dodd-Frank Wall Street Reform and Consumer Act of 2010.<sup>2</sup> On April 22, 2011, the federal Securities and Exchange Commission (SEC) published in the *Federal Register* a “Comment Request on Existing Private and Public Efforts to Educate Investors.”<sup>3</sup> All comments can be reviewed at [www.sec.gov](http://www.sec.gov). The comments, open for all to submit and review, will provide a forum for all programs, including apprenticeship and training centers, that are currently or planning to provide financial literacy education.

Although providing financial education is not an expressly enumerated fiduciary duty,<sup>4</sup> it is an important way to help young apprentices and their families become and remain financially healthy, so that the apprentice can maintain pride as a crafts-person. Additionally, apprenticeship training fund trustees, coordinators and instructors should take advantage of the opportunity to work with journeyworkers by incorporating financial education into their training curriculum.

This article focuses on ways to capitalize on these opportunities by guiding apprenticeship coordinators, instructors and joint apprenticeship and training fund trustees to the right tools to help their participants become more financially literate.

Expanding a trade apprenticeship curriculum to cover financial education may seem daunting to coordinators and instructors, who may feel unqualified. But one does not have to be a financial expert to introduce apprentices, journeyworkers and their families to helpful financial learning tools. Besides, a lack of financial expertise should motivate coordinators, instructors and trustees to seek out tools and resources for their own benefit. Otherwise, coordinators and instructors become

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## takeaways >>

- Providing financial education is an important way to help young apprentices and their families become and stay financially healthy.
- Trustees, instructors, etc. don't have to be financial experts to help trainees; materials to do so are becoming increasingly accessible.
- A young apprentice starting in the trade and an older journeyworker do best with different approaches to financial education.
- Before starting a financial literacy program, it's smart to figure out a way to measure its success.

players in a system of denial regarding financial literacy. The good news is that the tools exist to incorporate financial education into the apprenticeship training setting. The better news is that these tools are becoming increasingly accessible.

With so much information available, the most difficult challenge might be limiting the number of topics to cover. This can be done by surveying apprentices and journeyworkers about what they want to learn, i.e., getting out of debt, personal budgeting, saving for retirement, investing, shopping for insurance, etc.

Retirement planning is often a foreign concept for many apprentices, who are just being introduced to defined benefit and defined contribution pension plans. What we are able to do in retirement is mostly affected by personal health (mental and physical) and money. Personal health is a topic for another article; this article focuses on learning about money. Money affects our everyday lives, not just retirement planning. It would seem logical that someone approaching retirement age should be well-versed in financial matters to confidently understand the financial issues that deal with retirement. As recent surveys indicate, that, sadly, is not the case for many persons approaching retirement age.

### Know the Audience

Typically, a joint apprenticeship and training program has two types of participants: young apprentices starting in the trade and older journeyworkers seeking to improve their trade skills. The young apprentices usually outnumber the veteran journeyworkers. As far as providing financial education tools, both groups have different needs. Accordingly, it is essential to “know the audience,” so that one participant group does not get left out.

### *The Young Apprentice*

The question of whether one is saving enough is not at the forefront of a young apprentice's mind. The young apprentice is trying to learn how to make a living, and it seems out of sequence to start planning what to do after finishing making a living.

It is important to remove the “out of sequence” aspect by focusing on the young apprentice's everyday financial decisions. This should not be difficult, because apprentices are facing major financial challenges for the first time in their lives—challenges such as getting a mortgage, health insurance coverage and having children. An apprenticeship training fund can help the apprentices by providing financial education and perhaps guiding them to the right place for additional help.

### *Get the Spouse Involved*

For the married apprentice, it is vital to get the spouse involved in financial education. The spouse will probably be more receptive to acquiring more financial education. Moreover, by including the spouse in financial education, the apprenticeship program fosters a culture of respect for the entire family. Usually, an apprentice's spouse will quickly accept an invitation to learn more about the apprentice's benefits package and how to best use the benefits for today and for planning their family's future.

If there are young children, there must be accommodation for child care and entertainment when providing financial education for the apprentice and spouse. Otherwise, parents either divide assignments or choose not to come at all. A family-friendly environment is important.

### *The Unmarried Apprentice*

Without spousal influence, unmarried apprentices and journeyworkers might be less inclined than their married colleagues to embrace a financial literacy program hosted by an apprenticeship fund. By getting to know the unmarried apprentices' hobbies and interests, trustees, coordinators and instructors have a context in which they can present ways to enjoy and afford hobbies and interests for a lifetime. If an unmarried apprentice really enjoys fishing, then that person might also have the desire to own a bass boat or a cabin on a remote lake. To make these dreams a reality, financial planning is important. By learning basic financial literacy about purchasing “hobby materials,” the unmarried apprentice is well on the way to building a solid foundation in finance and money.

More importantly, unmarried apprentices and journeyworkers might not realize the value of financial literacy because there is no other person in their lives with whom to discuss these important topics. The apprentice and training program can fill that void by engaging the unmarried person to discuss financial topics that are equally important to married and unmarried persons.

### **The Veteran Journeyworker**

The first step in providing financial education for a journeyworker should be evaluating whether the person understands his or her current financial needs. Veteran journeyworkers can be both the most and the least challenging, and the challenge level depends on the available benefits package; i.e., what is the vested benefit and is the journeyworker fully vested? If anything, the apprenticeship and training center is a good setting to reintroduce journeyworkers to the financial tools they already have. After reintroduction of the current benefits package, then questions can be posed such as whether the journeyworker can afford to retire.

Benefits packages vary greatly throughout the United States and Canada, and it is assumed that apprenticeship fund trustees and coordinators are familiar enough with the particular benefits package to be able to discuss them with apprentices and journeyworkers.

### **What Tools Are Available and How Can They Be Delivered?**

Fund-sponsored benefits fairs, family picnics and holiday parties are examples of where and how to communicate financial literacy. Financial literacy education can be a part of the overall agenda, and it can be delivered to all ages.

A training fund might be able to arrange for a local bank or other financial institution to provide workshops on financial literacy. For example, Amalgamated Bank in New York has sponsored workshops for the participants and families in the Local 1199 SEIU Benefit Funds. These workshops cover several topics, including financial literacy.

The Internet is full of resources, but the challenge is choosing the best and most reliable material. Moreover, material on the Internet is constantly changing and being updated. The Internet has become a tremendous source of games for kids, money quizzes for high schoolers and financial literacy questionnaires for adults.

U.S. government websites are reliable sources of excellent information for financial literacy. Among the best are:

- *The Report of the Working Group on Financial Literacy of Plan Participants and the Role of the Employer* is available at the U.S. Department of Labor, Employee Benefit Security Administration website: [www.dol.gov/ebsa/publications/AC-1107a.html](http://www.dol.gov/ebsa/publications/AC-1107a.html). Although the report is from 2007, much of its contents are relevant now and will be for many years.
- The April 12, 2011 report of the U.S. Comptroller General from the U.S. Government Accountability Office (GAO), "Financial Literacy: The Federal Government's Role in Empowering Americans to Make Sound Financial Choices," is available at [www.gao.gov/new.items/d11504t.pdf](http://www.gao.gov/new.items/d11504t.pdf).
- Federal Reserve Chairman Ben Bernanke's statement on financial literacy education to various U. S. Senate subcommittees on April 20, 2011 is at [www.federalreserve.gov/newsevents/testimony/bernanke20110420a.htm](http://www.federalreserve.gov/newsevents/testimony/bernanke20110420a.htm).
- The U.S. Treasury Department celebrates Financial Literacy Month every April by providing U.S. high-school students an online quiz called the *National Capability Challenge*. This "challenge" should not be limited to high-school students; apprenticeship training instructors and coordinators can introduce apprentices and journeyworkers to the quiz next spring at [www.challenge.treas.gov](http://www.challenge.treas.gov).

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<< bio



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He specializes in ERISA, debtor-creditor, bankruptcy and general civil litigation. Staab serves on the International Foundation's Committee on Training and Education and has been a frequent speaker at the Foundation's educational programs. He received his J.D. degree from William Mitchell College of Law and B.A. and M.A. degrees from Indiana University. Staab can be contacted at [astaab@felhaber.com](mailto:astaab@felhaber.com).

Several foundations work with the federal and state governments to provide Web resources. The Employee Benefits Research Institute's Choose to Save website ([www.choosetosave.org](http://www.choosetosave.org)) has numerous tools under its resources tab to use in a financial education curriculum.

Other noteworthy Web resources are [www.personalfinancefoundation.org](http://www.personalfinancefoundation.org) (Workplace Education tab on right side and Resources below the heading) and [www.inchargefoundation.org](http://www.inchargefoundation.org).

Many colleges and universities have online tools, such as [www.rce.rutgers.edu/money/ffquiz](http://www.rce.rutgers.edu/money/ffquiz).

Financial blogs can be overwhelming, but a very user-friendly daily blog is "Get Rich Slowly: Personal Finance That Makes Sense." To register, one must go to [contact@getrichslowly.org](mailto:contact@getrichslowly.org).

### How to Follow Up and Confirm the Message

Followup is often the difference between success and failure in providing education, and apprenticeship training centers have the advantage of being a steady resource for persons performing the services and trades.

Apprenticeship training centers, once having established a foundation, can validate their financial education program by inviting representatives from the pension fund, such as investment managers, to come and discuss how participants can expect their pension fund to work for them in retirement.

### How to Evaluate a Financial Literacy Curriculum

It may seem counterintuitive, but it is wise to create an evaluation protocol before implementing the financial literacy program. The evaluation will provide an outline that trustees, coordinators and instructors can use as a curriculum checklist. The Woodstock Institute in Chicago, Illinois published an article to help in the process of evaluating a financial literacy program.<sup>5</sup> Good examples of demonstrating progress include:

- Asking for apprentice/journeyworker feedback during and after completion of the program
- Giving before-and-after versions of the same financial literacy test to measure progress
- Requiring successful completion of a "minimum needs" examination.

### Parting Thoughts

The question of whether we are financially literate is one we should ask ourselves often. For many of us, the question is so daunting that we deny it. We all must face "The Question," and it may not be only for retirement plan-

ning, but also for saving money for children's education or buying a new home. The sooner our apprentices face "The Question," the better they are equipped to face it. Apprenticeship and training fund coordinators, instructors and trustees have a valuable opportunity to help apprentices and journeyworkers face "The Question."

Since the Taft-Hartley apprenticeship training fund is an education-based welfare benefit, it makes sense to expand from its traditional trades-based curriculum to include financial education. The joint apprenticeship and journeyworker training program is already designed to educate persons to perform their jobs at a high skill level. Why not broaden that educational goal by providing tools to help families confront difficult financial decisions? ❁

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### Endnotes

1. *2011 Retirement Confidence Survey*. Employee Benefit Research Institute, March 2011. p. 6.
2. Pub. L. 111-203, HR 4173.
3. FR Vol. 76, No. 78, p. 22740 (April 22, 2011).
4. 29 USC 1104.
5. "Evaluating Your Financial Literacy Program: A Practical Guide," Woodstock Institute, Chicago, Illinois, 2002.

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