

THE RETIREMENT READINESS CHALLENGE

With over 80% of Americans struggling with financial stress, and nearly two-thirds of us worried that we may not have enough money to retire, it is no surprise employers are actively seeking solutions to help improve the overall financial wellness of their workforce.

It is estimated that US employers spend well over \$2 billion every year on a variety of educational efforts to help educate their workforce on saving for retirement. The bulk of this money is spent on plan-participant communications, which are a core part of a company's efforts to meet ERISA 404(c) compliance guidelines.

Retirement plan communication efforts may consist of a monthly or quarterly newsletter (or e-newsletter). This may also include access to online education and tools from their retirement plan provider. Another common approach may be periodic access to lunch-and-learn workshops, webinars, and/or access once a year to a one-on-one meeting with a financial advisor as part of the employee benefits open enrollment efforts.

On average, it is estimated that retirement plan providers and employers spend up to \$20 or more per plan participant per year. The goal of this communication is to help educate, empower, and encourage the nearly 100 million Americans who have some form of retirement plan at work. Yet despite these efforts, the vast majority of data suggest that the current methods of educating employees are simply not working. For instance, most research shows that less than 10% of the workforce spends even one hour interacting with the "traditional tools" for educating employees about their retirement plans. The typical American scores only 59% on basic financial literacy assessments, while one in four employees has less than \$1,000 in retirement savings. Additionally, a recent study by the Employment Benefit Research Institute found that only 43% of private-sector workers aged 25-64 take part in a retirement savings program.

KEY FINDINGS:

- **Award winning program engaged 80% of target workforce to participate**
- **Average users showed up to 25% improvement in knowledge and 40% increase in retirement savings compared to control group**
- **Active users spent average of 4.5 hours interacting with online platform during 10 week "challenge"**

PROVEN PATH TO PROSPERITY

Thanks to grant funding provided by the Investor Protection Trust and the National Credit Union Foundation, and the support of the Wisconsin Department of Financial Institutions and the Wisconsin Credit Union League, the Financial Fitness Group embarked on an innovative and creative plan to tackle the issue of financial fitness in the workplace.

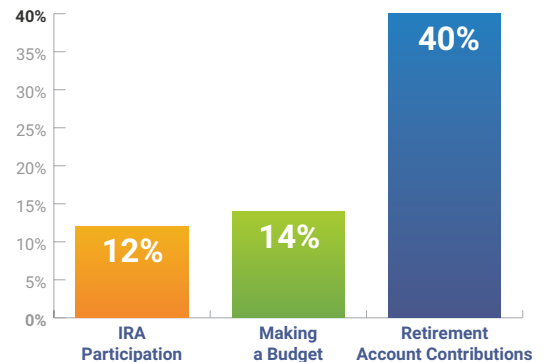
Working in conjunction with Professor Michael Collins and John Hoffmire of the University of Wisconsin-Madison, the team came up with a simple idea, and the results were astounding. In summary, the team of academics, innovators, and industry experts came up with a simple but powerful idea. They leveraged best practices in online learning, behavioral economics, and the spirit of competition to reach their goal of empowering employees to learn the language of money. But that's not all. They were also able to identify how to do this at one-quarter of the cost and up to five times the efficacy of traditional means of educating employees about their benefits and retirement plans.

- This program was expanded and repeated with similar results in over 15 states.
- It won 3 State Governor's Awards
- The team engaged nearly 30,000 people to commit to complete over 100,000 hours of online learning.

The project partners decided to offer a statewide online financial fitness competition for the roughly 5000 employees who worked within the state of Wisconsin's credit union industry. The team challenged the CEOs of roughly 100 credit unions to compete by recognizing employers with bronze, silver, gold, or platinum awards based on the percentage of employees they were able to get engaged. They labeled the overall effort Real Progress and Pathways to Prosperity (RP3).

Specifically, the team challenged employers to get employees to complete an online Financial Fitness CHECKUP™ that consisted of over 40 questions on the ABCs of financial fitness. It sought to measure employees' aptitude, behavior and confidence regarding money. Then, half of the employees (over 2000 people) were offered the opportunity to complete 10 interactive online courses over a 10-week period. The other group (roughly 2000 people) also completed the online quiz but had no online education. They served as the control group.

The competition began in September, with over 4000 employees (nearly 80% of the entire industry) completing the online Financial Fitness CHECKUP™ within the month. Roughly four months later, in January of the following year, the team challenged the entire group to complete a second survey that included representatives from the 2000 who took the online coursework and the 2000 who were told they needed to wait and could have the opportunity to take the coursework later. This simple but effective design served as a traditional control and sample approach in the same way drug companies bring a new product to market.

Measuring Program Impact

Eventually the control group was given the opportunity to complete the online educational program and experienced similar results. In total, the group engaged over 4000 employees to complete nearly 4000 online courses. The group saw a 25% improvement in aptitude, a 70% improvement in confidence, and up to 40% improvement in positive behavior changes.

To read more about the research, view this 2018 paper: https://centerforfinancialsecurity.files.wordpress.com/2017/02/rp3_brief_final.pdf

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