

## Business Partner Highlight

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# PlanMember

S E R V I C E S

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### Financial Education: Helping Your Employees Fill Their Savings Gap

Financial education is a critical and overlooked component in the workplace. Numerous studies<sup>1</sup> reveal that an overwhelming majority of Americans lack basic financial literacy. Very few employees have saved enough to be able to retire, pay for their children's college expenses or take care of their own long term needs. Most employees don't know the difference between a mutual fund and an annuity, have never met with a financial professional and have no investment and savings plan for their future.

As an Educational Service Agency there could be a financial burden for you and the school districts you serve. If employees are financially literate, they understand how to live within their means. It means they may be able to retire at their normal retirement age, rather than continuing to work past the point of peak effectiveness. It also leads to happier employees, which can translate to less absenteeism, more productive and efficient work environments, higher test scores and more educated and engaged students.

### Why don't most ESAs and school districts have financial education programs?

The answer is simple. Most employers lack a qualified individual or resources to implement and teach a financial

### PlanMember Financial Literacy and Education Programs

PlanMember provides a variety of employee financial literacy and education Programs. These no obligation, non-sales oriented educational programs help teach employees about basic retirement and financial planning principles and are delivered through four different learning methods:



- Onsite Financial Literacy workshops that explore subjects such as plan basics, the fundamentals of retirement investing and income planning in retirement;
- Onsite Study Hall chapters that briefly cover more specific topics such as state retirement system benefits, reducing taxation and the basics of saving and investing;
- Web-based Retirement Academy branded with a participating school district's name and logo. Courses feature videos that guide users through the curriculum;
- Online planning tools and retirement education information that allow employees to learn on their own time and in the comfort of their own home, office or classroom.

These basic educational programs can help ease employer budget concerns by helping employees retire at their normal retirement ages. They also help to satisfy IRS universal availability and meaningful notice requirements that are responsibilities borne by the district and the subject of current IRS audit activity.

education program. Budget constraints may prevent employers from hiring an outside company to develop content and educate their staff.

## How does this help our ESA and the School Districts we serve?

In the school districts, supported by your ESA, pay increases for employees are rare, classroom size and workloads have increased and schools are reliant on dwindling federal and state budgets. The ESA can offer a valuable new benefit not only to your staff but school district employees at no cost and with just a small resource commitment. Employees will be encouraged to make informed savings and investing decisions.

Employees who retire at a normal retirement age versus continuing to work will result in substantial budget savings for the school district. Ten teachers retiring at normal retirement age could result in a \$500,000 annual savings to the school district.<sup>2</sup>

The IRS requires all plan sponsors of 403(b) savings programs to satisfy a universal availability requirement and provide a “meaningful opportunity” to enroll in and make changes to their 403(b) plan. In recent audits of plans with participation rates under 20% the IRS is asking to see the employee education plan.<sup>3</sup>

## How can PlanMember Educational Services help?

- Increase awareness about the importance of savings for retirement and getting started early in voluntary 403(b) and 457(b) savings programs  
*Participation rates nationally are 25% vs. 79% in the private sector.*<sup>3</sup>
- Analyze whether your employees are saving enough to live a financially secure retirement  
*Do employees know what they will be receiving from their state retirement system's pension and/or Social Security and what savings gap they need to satisfy?*
- Increase employee productivity  
*Studies have shown all employees experience some level of financial difficulty that translates to morale, distraction and absenteeism issues. Employees with reduced financial concerns are more productive.*

**Want to learn more or get started?** For more information on PlanMember Services onsite financial literacy workshops, study hall subject matter presentations or online Retirement Academy contact Ron Culverson at [Ron@planmember.com](mailto:Ron@planmember.com) or 800-874-6910 x2541.

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PlanMember Services is a national business partner of AESA.

Sources:

<sup>1</sup> Financial Capability in the US 2016, FINRA Investment Education Foundation, 2016.

<sup>2</sup> Center for Local Government Excellence, 3/2014.

<sup>3</sup> Daniel Gardner, Sr. Staff Specialist, IRS Audits & Ellie Lowder Conversation 8/2013.