The Financial Fitness Challenge
Discover the Bottom Line Benefits of Financial Education
Today’s Goals

Share best practices from 4+ years of work on award-winning educational research projects promoting financial education in the workplace.

Explain how you (or your clients) can benefit from up to a $25,000 scholarship available to provide financial education in the workplace.

Explain how you can get involved today!
Today’s Speakers

Lynn Gresham
Contributing Editor
Employee Benefit News
Employee Benefit Adviser

Joe Saari
Publisher / CEO
Precision Information
Educated Investor®

Sandy Coury
Project Manager
Financial Fitness Challenge
Evan Thoman

Health & Wellness Coordinator
Charleston Area Medical Center
Today’s Agenda

• Need for Financial Education
• Improving Financial Behaviors (Case Studies)
• Overview of the Financial Fitness Challenge
• How to Get Involved (300 scholarships for $25K)
• Appendix: Detailed Results of Prior Programs
Need for Financial Education

Average Americans score less than 55% on basic financial literacy tests*

67% feel they don’t know enough to make sound financial decisions*

82% of employees want employers to provide more financial education*

Sources: Jump$tart and Securities Industry Association Annual Surveys
Health Effects of Financial Stress

Financial stress is the leading cause of such unhealthy behaviors as …
(The American Psychological Association)

- smoking
- alcohol & drug abuse
- weight gain
Americans with more debt also suffer more health problems including significantly higher rates of

- migraines
- ulcers
- back pain
- insomnia
- depression
- heart attacks
- high blood pressure

Source: Associated Press-AOL survey, 2008
The Need for Financial Education

100 million employees

750,000 employers

The Need for Financial Education

100 million employees

750,000 employers

401(k) Buyer’s Guide, CFO Magazine, Inc., and Industry Experts
WHY PROVIDE EDUCATION?

In order to be ERISA 404(c) compliant, companies that offer a 401(k) plan have a legal obligation to provide sufficient financial education to plan participants to help them make informed financial decisions.
The Need for Financial Education

100 million employees

750,000 employers

55% average score on basic financial literacy

The Need for Financial Education

100 million employees

750,000 employers

Key Employer Needs

Focused on ROI on $ spent
New fee disclosure rules in July

Risk mitigation / compliance
300% rise in lawsuits = $1M to settle

Financial stress costs billions
Costs up to $2000/employee per year

401(k) Buyer’s Guide, CFO Magazine, Inc., and Industry Experts
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Financial Fitness at Work (2009-2013)

Designed to alleviate the burden of delivering financial education in the workplace

550 employers + 50,000 employees → 300,000 hours of education

1/4 the cost  500% better results
Challenge Employers and Employees

- Challenge employees to invest one hour per week to learn about money
- Measure results through pre and post-testing / surveys and research
- The funding - made possible thanks to EBN, EBA, IPT, IPI + 20 State Agencies
Event-based online competition promotes employee engagement

- One online course per week over 5+ weeks
- Pre & post-testing to track \( \Delta \) in knowledge / behaviors
- Employers and employees receive weekly reports
- Experienced program management and support
- User-friendly, easy to set up, and simple to use
Financial Fitness Challenge Results

Financial Literacy at Work

80% Participation Rates
30% Improvement in Knowledge
92% Want to Learn More

Significant Improvement in Behaviors

- Build a Budget
- Financial Plan
- Retirement Savings
- Better Use of Benefits
- Decrease Debt
- Fewer Late Fees
- Financial Stress

Up to 70% improvements in behaviors
A Champion’s Input on the Program

- Overview of Charleston Area Medical Center
- Why is financial education important to CAMC?
- The benefits of the Financial Fitness Challenge
- Feedback and plans for next year and beyond
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ONLINE COMPETITION DRIVES RESULTS

50 companies + 10,000+ employees

Financial Fitness at Work™

Financial Education in the Workplace

ONLINE COMPETITION DRIVES RESULTS

50 companies + 10,000+ employees

Financial Fitness Challenge

powered by Educated Investor®
Financial Fitness at Work™

ONLINE COMPETITION DRIVES RESULTS

50 companies + 10,000+ employees

We recognize employers based on percentage of employees to participate

We reward employees based on positive improvements in knowledge + behavior
Financial Fitness at Work™

My Money Plan Home Page

Click on one of your goals below to learn more about the topic and how you can take action. Drag and drop the goals to choose your own order of priority.

Financial Fitness Checkup

10 minute interactive online quiz + survey

Baseline measurement of financial knowledge, attitudes, and behaviors
Financial Fitness at Work™

My Money Plan Home Page

- Saving and Investing: Reading Progress 100%, Due May 18, 2012
- Personal Finance: TAKE PRE-TEST, Due May 25, 2012
- Investing Basics: TAKE PRE-TEST, Due June 01, 2012
- Investment Strategies: TAKE PRE-TEST, Due June 08, 2012
- Retirement Planning: TAKE PRE-TEST, Due June 15, 2012

My Progress: 220 points, Bronze

My to Do List:
- Review my 401(K) contribution levels
- Choose HSA or FSA to pay for health care pre-tax
Financial Fitness at Work™

Basics of Personal Finance
- Personal Finance Basics
- The Cost of Money
- Compounding Interest
  - Introduction to Compounding Interest
  - Simple and Compound Interest
  - Make Compounding Work for You
- Compound Interest Formula
- Compounded Interest and Taxes
- Summary of Compounding Interest
- Deposit Accounts

COURSE: Basics of Personal Finance

Make Compounding Work for You

Comounding Interest

Taking advantage of compound interest need not be a passive strategy on your part. The bigger your investment base, the more that time and math will conspire to build up your wealth. That is why investment advisors suggest taking advantage of time and a schedule of periodic investing. The results build on themselves.

Invest Often
Adding to your investments on a regular basis such as monthly or weekly can build your wealth quickly. The accumulation builds the base on which your interest is calculated. To stay on a schedule for periodic investing, some people take part in automatic investment plans and put into their chosen investments on a regular basis.

Reinvest Your Dividends
If you own shares in a stock or mutual fund, you earn dividends. Reinvesting dividends into more shares. This continues to build wealth, allowing you to compound your return. It’s putting your new income to work for you.

Automatic Investment Plan
Any systematic method used to purchase assets on a regular schedule, usually involving direct payments from a financial institution or money market account.
Financial Fitness at Work™

COURSE: Basics of Personal Finance

Reinvesting your dividends helps you compound your earnings because it ______.

- Builds your investment base
- Increases your taxes
- Lowers risk

Now we will move on to Compound Interest Formula for the next point of discussion.

Progress for this Course
Due: August 03, 2011
Reading Progress Summary
32%

YOUR MESSAGES
"But if you ask what is the good of education in general, the answer is easy; that education makes good people, and that good people act nobly."

- Plato
Financial Fitness at Work™

Social Security Retirement Income Estimator

**Your Information**

- Average annual earned income ($): 75000
- Current age: 48
- Social Security retirement age: 65

**Spouse Information (if applicable)**

- Average annual earned income ($): 55000
- Current age: 45
- Social Security retirement age: 65

**Common Assumptions**

- Social Security inflation rate: (%) 2.50%

RESULTS

It appears that Social Security will replace approximately 33% of your current combined income of $130,000.

Social Security Replacement

- Social Security, $42,432
- $87,568

67%
Certificate of Completion

presented to

Ruth Foster

of

City of Savannah

for the completion of the

Financial Fitness Challenge

August 27th, 2012
Providing Champions Tools

Robust reports to document compliance and drive results.
What Is the Financial Fitness Challenge?

What is the content in the program?

Choice of 3 Learning Plans:

- Basics of Personal Finance
- Saving and Investing
- Retirement Planning

15+ Courses to Choose From
Campaign Timeline and Details:

**Timeline:** February to May
**Recommended Participants:** All organization employees
**Resources Required:** Internal champion(s) (1hr per week)

Simple Four Step Process:

**Step One**
Build Excitement

**Step Two**
Encourage Participation

**Step Three**
Enjoy the coursework

**Step Four**
Celebrate and enjoy rewards!
A Champion’s Input on the Program

- Overview of Charleston Area Medical Center
- Why is financial education important to CAMC?
- The benefits of the Financial Fitness Challenge
- Feedback and plans for next year and beyond

Evan Thoman
Health & Wellness Coordinator
Charleston Area Medical Center
The bottom line benefits for employees are abundantly clear. What about bottom line benefits for employers?

**Qualitative approach.** Over 25,000 exit surveys and 300+ interviews conducted with champions and participants.

**Quantitative approach.** Over 250,000 pre and post-tests, surveys, and use 3rd party tools to track results.
Increased Productivity and Morale
100% of champions who responded to exit survey felt the program helped boost employee productivity and morale.

Improved Confidence and Presenteeism
Increase in confidence about financial issues helps employees keep their minds on their job (not worry about money).

Improved Employee Satisfaction
Champions received 1000s of thank-you notes. Several dozen compelling “success stories” tied to actions taken.

Less Stress → Higher Employee Engagement
Champions mentioned employees felt appreciated, less stressed about money, and more engaged on the job.
Bottom Line Benefits: Quantitative

**Significant and Measurable Change in Well-Being**
Through nearly 25,000 pre and post-exit surveys, we saw up to 100% improvement in employee confidence.

**What Does Available Research Tell Us?**
According to PFEEF research, typical improvements in well-being can translate to employer savings of up to $750 to $2000 per employee.

**Benefits to Employers of Improved Well-Being:**
1. Increased employee productivity / morale
2. Reduced turnover / absenteeism / presenteeism
3. Higher use of employee benefits
4. Lower health care costs
Available Research:

- Weighing the effects of financial education in the workplace (Edmiston et al., 2009):
- Relationship between financial stress and workplace absenteeism in credit counseling clients (Kim et al., 2006):
- Financial stress, pay satisfaction, and workplace performance (Kim & Garman, 2004):
News Coverage on the FFC Program

To learn more about the Financial Fitness Challenge program, read news stories at:

http://www.financialfitnesschallenge.com/why-participate/what-people-are-saying/
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How to Get Involved

300 Scholarships for up to $25,000 each available in 2014

- Employers can apply to have up to 250 employees participate free of charge (a $100 value per employee = $25,000)

- NEW IN 2014 - Unlimited Financial Fitness Checkup for ALL YOUR EMPLOYEES

- Scholarships awarded on a first-come, first-served basis to qualified companies

- If accepted, companies will pay $995 enrollment fee (or get a sponsor to pay it)
# Program Schedule

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final registration</td>
<td>Dec 20, 2013</td>
</tr>
<tr>
<td>Training complete</td>
<td>Nov-Jan, 2014</td>
</tr>
<tr>
<td>Employees participate</td>
<td>Feb-May, 2014</td>
</tr>
</tbody>
</table>
Benefits of Participation

300 scholarships for up to $25,000 each available in 2014

It is SIMPLE to participate
Online form to show interest takes one minute or less

Unbiased, independent and verifiable results
Up to 70% improvement in knowledge and behaviors

Be recognized as a leader
Extensive coverage through EBN

Opportunity to do deeper dive on ROI impact for you
At maximum cost of $995, the benefits are extraordinary
How to Get Involved

Apply Now! Final Registration 12/20

- Visit www.financialfitnesschallenge.com
- Contact ffc@educatedinvestor.com with questions

Employee benefit advisers also are encouraged to sign up to offer this program to their clients (up to 250 employees)
Questions?
What if I want to enroll more than 250 employees?

No problem. We recommend you make it available first-come, first serve basis to all employees who complete the 10 minute Financial Fitness Checkup. Remember, there is no limit on the Financial Fitness Checkups so all your employees can and should get involved. Also, for organizations that truly want to expand the education to all employees we expect up to 100 supplemental scholarships will be available to cover up to 90% of the cost.

What the catch? Do you sell financial products?

No, neither Employee Benefit News, Employee Benefit Adviser, the Educated Investor® nor the Investor Protection Institute nor any State agencies supporting this (or prior programs) sell any financial product or service. The only service we provide is unbiased education.

What is your Privacy Policy?

All data collected is kept private and confidential using best practices in the industry. The privacy policy has been reviewed by 500+ employers and dozens of state agencies.
Frequently Asked Questions

What if my employees don’t use computers on the job?
No problem. Employees can log on from any computer, tablet or mobile device at home or at work so long as they have internet connection. Dozens of organizations including the Wisconsin Department of Transportation, Vermont Hard Cider Company, Caribou Coffee and many more have had strong success with diverse workforce without computers.

How long until we find out if we get a Scholarship?
You will get a reply within 7 days of completing the online interview (step two) of the application process letting you know your status.

What if my employees are living paycheck to paycheck?
Good news. The Financial Fitness Challenge program provides employees of all types with the option to choose from coursework ranging from the Basics of Personal Finance, Savings and Investing to Retirement Planning.
Frequently Asked Questions

Can I talk with past participants?
Yes. A partial list of past participants is provided on the www.financialfitnesschallenge.com website. To get contact information simply e-mail us at ffc@educatedinvestor.com

Who makes the program possible?
This (and prior) programs been made possible thanks to Employee Benefit News, Employee Benefit Advisor, the Educated Investor®, the Investor Protection Trust, the Investor Protection Institute and up to 20 State agencies.

I am an employee benefit adviser, how can I get involved?
Employee Benefit Advisers may apply for a scholarship on behalf of one or more of your clients. If accepted to the program you will serve as the champion for up to 250 employees at one or more of the companies you serve.
Contact Information

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• Appendix: Detailed Results of Prior Programs
## Overall Program Results: FFC Spring 2013

### Basic Personal Finance

<table>
<thead>
<tr>
<th>Course</th>
<th>Pre-Test</th>
<th>Post-Test</th>
<th>Improvement</th>
<th>% Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basics of Personal Finance</td>
<td>74.44%</td>
<td>88.29%</td>
<td>13.85</td>
<td>18.61%</td>
</tr>
<tr>
<td>Saving Money for Your Lifestyle</td>
<td>78.32%</td>
<td>93.11%</td>
<td>14.8</td>
<td>18.89%</td>
</tr>
<tr>
<td>Using Credit Wisely</td>
<td>73.69%</td>
<td>90.57%</td>
<td>16.88</td>
<td>22.9%</td>
</tr>
<tr>
<td>Making the Most of Your Paycheck</td>
<td>64.95%</td>
<td>86.13%</td>
<td>21.18</td>
<td>32.61%</td>
</tr>
<tr>
<td>Making Major Purchases</td>
<td>71.82%</td>
<td>89.72%</td>
<td>17.9</td>
<td>24.92%</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td><strong>72.64%</strong></td>
<td><strong>89.56%</strong></td>
<td><strong>16.92</strong></td>
<td><strong>23.29%</strong></td>
</tr>
</tbody>
</table>
## Overall Program Results: FFC Spring 2013

### Saving and Investing

<table>
<thead>
<tr>
<th>Course</th>
<th>Pre-Test</th>
<th>Post-Test</th>
<th>Improvement</th>
<th>% Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving and Investing Basics</td>
<td>79.2%</td>
<td>89.66%</td>
<td>10.45</td>
<td>13.2%</td>
</tr>
<tr>
<td>Investing Basics</td>
<td>70.18%</td>
<td>89.02%</td>
<td>18.84</td>
<td>26.85%</td>
</tr>
<tr>
<td>Investment Strategies</td>
<td>81.36%</td>
<td>93.7%</td>
<td>12.34</td>
<td>15.17%</td>
</tr>
<tr>
<td>Retirement Planning</td>
<td>70.21%</td>
<td>87.73%</td>
<td>17.52</td>
<td>24.95%</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>60.92%</td>
<td>87.52%</td>
<td>26.61</td>
<td>43.67%</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td><strong>72.37%</strong></td>
<td><strong>89.53%</strong></td>
<td><strong>17.15</strong></td>
<td><strong>23.7%</strong></td>
</tr>
</tbody>
</table>
## Overall Program Results: FFC Spring 2013

### Retirement Planning

<table>
<thead>
<tr>
<th>Course</th>
<th>Pre-Test</th>
<th>Post-Test</th>
<th>Improvement</th>
<th>% Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparing for Retirement</td>
<td>76.08%</td>
<td>89.74%</td>
<td>13.67</td>
<td>17.96%</td>
</tr>
<tr>
<td>Saving for Your Retirement</td>
<td>80.25%</td>
<td>92.6%</td>
<td>12.35</td>
<td>15.38%</td>
</tr>
<tr>
<td>Retirement Challenges</td>
<td>61.12%</td>
<td>87.73%</td>
<td>26.61</td>
<td>43.53%</td>
</tr>
<tr>
<td>Retirement Plan Options</td>
<td>65.92%</td>
<td>88.79%</td>
<td>22.88</td>
<td>34.7%</td>
</tr>
<tr>
<td>Living in Retirement</td>
<td>73.75%</td>
<td>92.03%</td>
<td>18.27</td>
<td>24.77%</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td>71.42%</td>
<td>90.18%</td>
<td>18.75</td>
<td>26.26%</td>
</tr>
</tbody>
</table>
Change in Behavior: FFC Spring 2013

72% Increase in the number of those who report that they have a written financial plan.

Before: 12%

After: 20%
Change in Behavior: FFC Spring 2013

30% Increase in the number of those who report that they are keeping a written budget.

Before: 32%
After: 42%
15% Decrease in the number of those who report that they have paid a late fee in the last three months.

Before: 20%
After: 17%
Change in Behavior: FFC Spring 2013

12% Increase in the number of those who report that they have at least three months' expenses set aside.

Before: 49%
After: 54%
Change in Behavior: FFC Spring 2013

24% Increase in the number of those who are saving more now than they were six months ago.

- Before: 28%
- After: 35%
3% Increase in the number of those who report that they have a retirement account.

- Before: 69%
- After: 71%
Change in Behavior: FFC Spring 2013

Increase in Confidence Regarding Knowledge of Financial and Investing Topics

- How much do you know about credit scores and credit files? 45%
- How much do you know about interest rates and loans? 46%
- How much do you know about investing for retirement? 151%
- How much do you know about stocks and bonds? 118%
Post-Program Surveys

Program Results (% to say Yes)

- How likely are you to recommend the Financial Fitness Challenge to your friends or family? 89%
- Have you made or will you make any changes financially as a result of this program? 74%
Post-Program Surveys

It was easy to get started. 94%
The courses were relevant to me. 92%
The online courses were easy to use. 93%
The program provided me enough feedback. 85%
The reminder emails were helpful. 90%

Program Satisfaction (% to Agree)
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