

By David Dagan - 5/26/2006 *Central Penn Business Journal*

Financial ineptitude of workers hurts firms, state says

Employees at three state agencies can expect a new bonus along with their paychecks - but not the kind you can blow on a fun weekend. Instead, workers will receive free financial advice. And that might be just as good as hard money, according to financial-education advocates.

The Pennsylvania Office of Financial Education is developing a pilot program of financial-education classes for state employees. Officials are working out the details, but their goal is to create a model that businesses could adopt. "We want to create a toolkit for the business community," said Becky MacDicken, a workplace financial-education specialist at the OFE.

Millions of Americans are overwhelmed by financial tasks that range from balancing a checkbook to picking investments, and that's not just their problem, said E. Thomas Garman, a financial-education expert based in Florida. "They screw up in the workplace. They have lower productivity," Garman said. Garman, a former professor at Virginia Tech, has studied financial education for years. An employee who is stressed out about money can cost the boss at least \$450 annually, for reasons such as wasted time and absenteeism, Garman said.

The state's pilot program is expected to include weekly sessions of one hour to an hour and a half, taught at lunch or after work, MacDicken said. An initial survey of workers showed strong demand for such classes. "We got quite a response saying, 'You know what, I need basic help,'" MacDicken said.

MacDicken said she hopes to establish an advisory council of businesspeople to help her figure out how she can help private firms statewide adopt similar programs. The OFE is still sorting out how the pilot program will work. It is not yet clear who will teach the financial-education classes. The office is also open to experimenting with Web-based courses for employees who cannot be reached in person, said Heather Tyler, an OFE spokeswoman. "The Office of Financial Education is approaching this as a big learning process," Tyler said. The idea is to pass the lessons on to businesses, she said.

So far, participating agencies include the departments of banking, environmental protection, and probation and parole. The program would start at offices in Harrisburg, but it was not clear how many state workers would be involved. Organizers hope to start classes this summer.

The OFE was established in 2004 to promote financial literacy through schools, community organizations and the workplace. Studies consistently show that 30 percent of Americans are financially distressed, Garman said. That's partly because the financial world has become more complicated, he said. "It's easier to get nickel-and-dimed today, as well as ripped off," he said.

Many people need help with basic skills, such as spotting financial scams, he said. "People don't even know how to budget their money," Garman said. "They didn't learn that."

As more and more companies unload defined-benefit pension plans and switch the responsibility to employees, investing and retirement planning also are growing concerns. The workplace is the perfect spot to teach those skills, Garman said. "It's the only place (where) you have them locked up for eight hours a day," he said.

School-based education efforts are not enough, MacDicken said. "You're forgetting about all the people that are in the work force that never had that," she said. Most successful business owners have money smarts. But that doesn't mean it's easy to pass those along. The key to a good course is to invite a teacher who will not aggressively push financial products, MacDicken and Garman said. Those people are out there, but there are not many of them, Garman said.

One nonprofit financial-education institution may enter the midstate soon. Colorado-based Heartland Institute of Financial Education (www.hife-usa.org) hopes to have representatives in Central Pennsylvania in six to eight months, said Marcie Gappinger, director of education at the institute. The Heartland Institute teaches and certifies financial-education trainers. It has trainers in the Philadelphia area.

Heartland trainers visit employees at work. The employees generally pay their own tuition - \$99 for three sessions of 2.5 hours each. The Heartland course focuses on retirement planning, but it includes broad discussion of budgeting, potential liabilities, and investing. Topics such as retirement and tax planning are sleepers to most people. But Heartland also nudges workers to get into "touchy-feely" discussions about their broader life goals, Gappinger said. "Financial health encompasses so much of what we are," she said.



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