

Research Shows that Workplace Financial Education Improves Personal Wellness, October 25, 1998. Virginia Tech

BLACKSBURG, Oct. 25, 1998 - Research found strong evidence that workplace financial education is extremely effective because it results in better financial wellness for workers. The study, conducted by Virginia Tech Professor E. Thomas Garman, assistant professors Constance Kratzer and Bruce Brunson, visiting assistant professor So-hyun Joo, and researcher Jinhee Kim, showed that those employees that participated in the financial workshops had greater satisfaction with the amount of money they are able to save for retirement, better health, and less financial stress. The study looked at the impact financial education had on employees of a plant owned by a southeastern chemical producer. The workshops were run by The EDSA Group of Baton Rouge, La. The study looked for differences and similarities between those who attended the financial education workshops and those that did not attend.

Employers often do not realize that stress and money problems are related, but they are," says Garman. About half the workers participated in the financial education program. Overall, the workers had a high level of financial wellness." The workshop participants reported making the following financial behavioral changes as a result of the education received:

- 75 percent reported that they have made better financial decisions;
- 75 percent reported they were more confident in making investment decisions;
- 70 percent reported they changed their investment strategy by appropriately diversifying or being more aggressive in their investment choices;
- 56 percent reported their financial situation had improved because of the workplace financial education;
- 45 percent increased the amount of contribution to the 401(k) plan; and
- 34 percent started contributing to the 401(k) plan.

"Financial education is an employee benefit that employers must offer to be competitive," said Garman.