

HR Brief

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Don't Shortchange Your Employees' Financial Literacy

If you think your employees are prepared for retirement, think again.

Less than 40 percent of American workers feel like their savings are on track for retirement. In fact, 25 percent have no retirement savings at all, according to the [Report on the Economic Well-Being of U.S. Households](#).

An Education Problem

Experts point to low financial literacy as a major factor affecting employees' retirement prospects. Not understanding investment strategies or buying into a savings plan can significantly postpone retirement, sometimes indefinitely.

According to the economic report mentioned earlier, the average worker

correctly answers fewer than three out of five basic financial literacy questions. And since low financial literacy can be correlated with bleak retirement prospects, this figure should be alarming.

How Employers Can Help

Many employees rely on their employer-sponsored savings plans for their retirement planning. Moreover, these plans are typically the only viable savings option available to people with limited investment knowledge.

Understanding this, employers can offer more comprehensive financial education to employees who vest in sponsored savings plans. For instance, some employers actively promote plan participation and offer in-person financial counseling to participants.

However, you don't need to hire a team of financial advisors to raise employees' financial literacy. Providing quality education materials is a great first step to improving your employees' retirement outlooks.

Speak with Deutsch & Associates, LLC for a sampling of resources available to you.

DID YOU KNOW?

The Department of Labor's Office of Compliance Initiatives launched a website to "provide workers with a centralized base of information regarding worker protections."

The site, worker.gov, is easy to understand and features prominent links to help you quickly find the answers you need.

Consider promoting this site to employees as an additional resource for labor questions.

Spread the Word: Open Enrollment is Around the Corner

Each year, once the dust of open enrollment settles, employers always ask, "What could we have done better?" The usual answer: employee communication.

HR is in a unique position to talk about open enrollment because of their relation to employees and their extensive benefits knowledge.

With this in mind, consider having HR distribute open enrollment communication through a multichannel approach. Reminder emails, text blasts, short explanatory videos and posters in the break room are all great methods for reaching employees.

Offering meaningful resources and reminders can boost employee engagement and retention, and improve workers' long-term health and wellness.

Speak with us to learn more about your communication options.

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