Beyond Income: Workforce Financial Fitness

A Workout for Your Wallet.....
1 in 4 workers report they are in serious financial distress over their personal finances.

The average American household has $10,700 in credit card debt.

82% of low-income adults lack confidence in their ability to plan for their family's future. Even 64% of those in the highest income group lacked confidence.
In today’s economy, employees are experiencing

<table>
<thead>
<tr>
<th>Decreases in:</th>
<th>Increases in:</th>
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<tbody>
<tr>
<td>✓ Home values</td>
<td>✓ Home foreclosures</td>
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<tr>
<td>✓ Value of retirement funds</td>
<td>✓ Credit card debt</td>
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<tr>
<td>✓ Ability to repay debt</td>
<td>✓ Loan delinquencies</td>
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<td>✓ Consumer confidence</td>
<td>✓ Financial distress</td>
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<td>□ Work time spent on financial matters</td>
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<td>□ Pay satisfaction</td>
<td>□ Heath care costs</td>
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<td>□ Health quality</td>
<td>□ Turnover</td>
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Employee Financial Stress and the Bottom Line

- 80% are unable to carry out their normal responsibilities, cut down their workload, and are less productive.

- Up to 80% spend 12-20 hours of work time a month dealing with personal financial matters.

- Negative coping behaviors cost employers up to 10% of payroll cost.

- Cost to employers of financially stressed workers range from $450-$7000 per employee.
Financial Literacy to the Rescue?

- What do financial literacy and hand washing have in common?
- Financial Capability NOT Financial Literacy
- Financial Capability – What you DO
  1) Being able to **cover monthly expenses** with income
  2) **Tracking** spending
  3) **Planning** ahead and saving for the future
  4) Effective selection & use of financial **products**
  5) Exercising **financial knowledge**
Isles Financial Fitness Club

● **One-on-one Financial Coaching**
  - Complete personal financial review
  - Budget creation and monitoring
  - On-going financial coaching
  - Accelerated credit repair

● **Online and group financial education**
  - Minimal and relevant
Isles Financial Fitness Club

- Use of online financial tools
  - Automated bill-payment
  - Monthly budget monitoring and goal setting with oversight/feedback

- Access to Financial Products
  - Emergency Loans
  - Springboard Loans
Isles Financial Fitness Club

- **Group Support**
  - Social networking
  - Group workshops

- **Access to Matched Savings Accounts**
  - For home ownership
  - Matches every $1 of employee savings with $2
What Does IFFC Cost

- A one year membership fee is $50/mo. for each employee ($600/year per employee)
- Employers must pay at least $25 per employee per month ($300/year).
- Employees must pay at least $10/mo. towards membership
Return on investment (ROI)

We expect employers typically will receive a ROI of 3:1 annually for IFFC services.
IFFC Outcomes?

- 45 Customers served
- 100 point average improvement in credit score
- Members have saved more than $40,000 on fees and interest payments.
- Made 10 Springboard Loans and 2 Emergency Loans
IFFC Results

- More than half the members have seen credit scores increase as much as 150 points.
- More than half the members have accrued $500 or more in personal savings from $0.
Questions????????
Resources

- Information for this slide show was taken from the following articles all of which can be found on the PFEEF website at www.personalfinancefoundation.org: