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FINANCIAL EDUCATION

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Three steps to freedom

Next year's new flexibility in how DC pension scheme members can access their funds increases the need for quality financial education, says **Jonathan Watts-Lay**, a director at Wealth at Work

The 2014 Budget changed the face of retirement options for members of defined contribution (DC) pension schemes, with perhaps the most radical pension proposals of our lifetime. The changes will come into force from April 2015, removing many restrictions on how pension benefits can be taken from age 55.

But as April fast approaches, many employers are not prepared for the new world of choice on how to generate income in retirement. And it is not just about pensions; all savings, including individual savings accounts (Isas), should be taken into account if retirement income is to be considered properly.

This greater flexibility to decide how to take income is fantastic news, but without the right financial education and advice, employees could be left vulnerable to making poor decisions.

On 6 April 2015, many employers may be anticipating a huge number of staff enquiries about how to access current and deferred pension funds. Although the government's guidance guarantee will be available, it is open to question whether it will help to avoid taxation issues and the limitations of the new annual allowance, or aid employees' understanding of their existing defined benefit (DB) or DC pension scheme rules in order to make good decisions on their next steps. In any event, the guarantee may be too little, too late.

In the years leading up to retirement, at the point of retirement and beyond, employees will typically have three key questions.

Firstly, they will ask what they need to know. For example, what are their options for drawing down their pension from the age of 55?

> "Without the right financial education and advice, employees could be vulnerable to making poor decisions"

Financial education is key, because it will help staff understand the pros and cons of all the options available. Interestingly, many employers are putting financial education programmes in place for employees from age 45 to ensure they understand the options and have lots of time to plan their retirement.

Secondly, employees will ask which options are right for them. Their decisions will have many implications, ranging from the tax they will pay on withdrawals through to considering other pensions and savings and, potentially, those of a partner.

If they are retiring, it is important for them to understand whether drawdown, annuity or a combination of the two will be the most appropriate course of action. Therefore, individual guidance and support is important and should include both helpdesk support and fully regulated advice.

Of course, staff considering transferring a DB pension to a DC scheme in order to have control over their pot will have to obtain regulated advice, which is a stipulation of the proposed rules.

Finally, staff will ask how they can create an action plan and implement their decisions. Employees will need to manage their retirement income in line with their requirements, whether that involves leaving their pension alone for a while and taking income from another source, such as Isas, taking drawdown, buying an annuity, or a combination of options.

Many employees may want to make a series of decisions over time, rather than a single choice at retirement. Employers therefore need to consider which services they will make available to ensure employees can execute their chosen options.

To find out more, visit **www.wealthatwork.co.uk**

Education in numbers

Clare Bettelley rounds up facts and figures relating to financial education over the past year to highlight the issues and trends affecting employers and their workforces

52%

of employers do not provide financial education for employees bit.ly/1yOsXhP

(Source: Secondsight, October 2014)

6%

of UK staff are on track for their retirement income bit.ly/1Ad7Nhr

(Source: Aegon UK Readiness report, November 2014)

55%

of employers do not offer staff support at retirement bit.ly/1yf1zgk

(Source: Employee Benefits/Close Brothers Pensions research 2014, November 2014)

23%

of employees are saving the most they can afford for retirement bit.ly/1s2w9ai

(Source: UK Retirement savings map, Friends Life, October 2014)

25%

One in four employees do not know how much they pay in to pensions bit.ly/1vizOOT

(Source: Scottish Widows pensions report, October 2014)

43%

of respondents say 90% or more of their employees are active pension scheme members bit.ly/1yf1zgk

(Source: Employee Benefits/Close Brothers Pensions research 2014, November 2014)

3.1m

Britons rely on their employers for retirement advice bit.ly/1mLpiAh

(Source: Baring Asset Management, September 2014)

39%

of staff do not have a financial plan for retirement bit.ly/1ymkaT3

(Source: Retirement readiness survey, Aegon UK, August 2014)

Helping to ease the burden

There are a number of steps employers can take to help employees cope with the growing financial pressures many are under, says **Andrea Finney**

It seems that more than ever in living memory, the pressures facing staff in managing their day-to-day finances and planning for the future are growing.

This is largely because of the global financial crisis of 2008, which has resulted in a sustained increase in the cost of living, coupled with a fall in real earnings. Increased diversity in financial services, constriction in consumer lending and a growing pensions crisis have also put new burdens on staff.

We have explored consumer financial capability and find that key areas relate to employees' day-to-day money management and planning ahead. Younger people are particularly poor at money management and paying bills on time. A preference for living for today also makes them poor at planning ahead.

People with low incomes and internet non-users often perform less well except, notably, those on low incomes who are among the best budgeters.

Higher earners may be better at making ends meet and planning ahead, but are comparatively poor at keeping track of money. This, combined with over-reliance on consumer credit to maintain spending, is a recognised route to financial difficulty, particularly when combined with a drop in income.

Getting into the habit of planning and tracking spending is important for employees, particularly in a climate of lower pay, part-time working and job insecurity. They could use online tools. For example, the Money Advice Service offers a money health check and a budget planner.

But one of the simplest things employees can do is join their workplace pension scheme. Joining early is key and making additional contributions where possible will increase the pension pot and help offset time spent out of work.

Employees should also consider building up rainy-day savings to provide a safety net in case of unexpected major expenses or any sudden income loss. Having savings equivalent to three months' income is a useful principle, but starting by saving small sums each payday by regular standing order is great way to get into the saving habit. Staff who save as little as £5 a week will soon be able to cover an unexpected expense and reduce the need to borrow.

Workplace savings products such as cash-based individual savings accounts (Isas) can help staff put savings at arm's length, but the money can be accessed in an emergency.

Employees must avoid relying on consumer borrowing, particularly where it involves high-cost credit, being always overdrawn or unable to repay more than their credit card's minimum payment. Those unable to do so and who find themselves getting into difficulty with debt or household bills should seek advice early, perhaps from free advice services such as *nationaldebtline.org* or *stepchange.org*.

Timely employer intervention is key. As a minimum, at induction, new staff should be made aware of the benefits of workplace pensions and other schemes. Line managers, HR teams and staff counsellors should be equipped to signpost employees to money or debt advice where needed.

Employers can provide structured financial education in partnership with local services such as the Citizens Advice Bureau or through resources available from the Money Advice Service's partnership team. Priority employee groups could include young, lower-income and lower-skilled staff, as well as those facing major life events, such as starting a family. Employers might also offer access to out-of-hours online resources to staff without regular internet access.

Building links with credit unions is another route, offering staff access to affordable credit and the potential to save affordable amounts through payroll deductions.

With money worries affecting employees' wellbeing at home and at work, employers offering financial education and support might not only help their employees to maintain productive employment, but could improve their organisation's financial wellbeing, too ■

Andrea Finney *is senior research fellow at the University of Bristol's Personal Finance Research Centre*

> ***"Key areas relate to employees' day-to-day money management and planning ahead"***

Support needed for uninformed staff

Supplied by:

Secondsight

This year's pension reforms will present employees with new choices as to what to do with their savings, , says **Darren Laverty**

There has been much speculation about how much money employees will take from their pension pots since the decision to scrap compulsory annuitisation was announced in the 2014 Budget last March.

The Chancellor announced that staff over the age of 55 with a defined contribution (DC) pension will be able to take all, or part of, their pension fund as a cash lump sum from April 2015.

In September 2014, actuary Hymans Robertson estimated that £5 billion will be taken out of pension funds in the three months after April 2015, of which some £3 billion will be spent on luxuries such as new kitchens, conservatories and cars.

Chance to spend

Although many staff will see access to their pension fund as a chance to spend, there is a serious side: how will it impact on their retirement plans over the longer term? Most staff do not have a financial adviser or access to affordable advice, so how will those approaching retirement know what to choose?

The government has made a commitment to provide pension guidance through its guidance guarantee, which will soon be rebranded. But delivering this will be a huge task, and it is hard to gauge how successful it will be. Of course, some information and guidance is better than none, but will it be enough?

I firmly believe the new pension rules make it essential for people to understand the choices they have, and the implications of any actions they take.

"The pension reforms will increase employee demand for access to financial guidance"

There is clearly a demand for knowledge, with 50% of HR professionals having been asked for further financial guidance by employees, according to Secondsight's white paper, *Is there a need for financial education in the workplace?*, published in October 2014.

The pension reforms will increase employee demand for access to financial guidance, which is why access to workplace financial education is increasingly significant. Employers should support their staff through this transitional period and be mindful that financial education is not about providing advice, it is about empowering staff to make their own financial decisions with their new-found knowledge.

Over a year ago, we predicted a shift towards employers needing to provide financial education programmes in the workplace. Employers are increasingly seeing it as an engagement tool: according to our white paper, 51% of those that offer financial education do so because they believe it increases staff engagement.

Over the next few years, I believe we will see more employers providing financial education on all aspects of financial life, not just pensions, as an added staff benefit.

Relevant experience

Employers with established financial education strategies should ensure they appoint staff with relevant experience to manage these. They should also make sure that, as much as possible, delivery methods include face-to-face support. There is nothing better than talking to staff and conveying ideas and information in this more personal communication method.

Of course, topics need to be relevant to employers' workforces, and they need to be marketed professionally. There also needs to be a process to make employees aware of what they need to learn.

Ultimately, financial education is about changing employees' perspectives on their financial lives and helping to give them the responsibility to manage their money. And given the likely turbulence that will ensue in 2015, it will have a key role to play both next year and beyond.

Darren Laverty is a director at Foster Denovo, parent company of Secondsight

Teaching methods

Employers need careful preparation to develop an effective financial education strategy, says **Clare Bettelley**

This year's new pension reforms are driving employers to consider how best to introduce workplace financial education, but where should they start and what does an effective strategy look like?

The abolition of compulsory annuitisation for defined contribution (DC) pension scheme members could be challenging for employers that have no established financial education programmes to provide the support and guidance around retirement options that many of their employees need.

Thankfully, workplace financial education strategies are relatively straightforward to create and implement, as long as employers get the constituent parts right.

Identify needs

First, employers need to identify what type of financial education their employees need and want.

Jo Thresher, head of money at work at benefits consultancy Jelf Employee Benefits, advises employers to use focus groups to identify employees' requirements, but groups must be limited in number and restricted to staff of the same grade to encourage employee participation.

"Younger employees can feel ashamed and get embarrassed about their money issues in front of their managers," she says.

But managers often feel the same way, which is why segmentation according employee grade is often the best approach for focus groups, says Thresher.

Focus groups

Employers can further optimise employee participation in focus groups by allowing staff to factor in any financial products and services they hold outside the workplace, and share any financial concerns about these.

Angus Jones, chief executive officer at independent financial advice provider Clarity, says: "Benefits communication has limited value if an employee cannot place the value of the benefits in the context of their total wealth position.

"Employees who are responsible for other family members, not just their own partners and children, but increasingly parents and maybe other family members who need help, need to be able to take benefits and place them in the context of their total [financial] plan. The employer's plan is just one important element, but it is not the whole picture."

Jonathan Watts-Lay, director at financial education provider Wealth at Work, adds: "An employer's financial education strategy might be focusing on the tax advantages of the transfer of shares into an Isa [individual savings account]. But it could be that an employee does not have a workplace Isa, and it could even be that the rules of their employer's pension scheme do not allow shares to be transferred into that workplace pension.

"But we may still be required to talk about that, despite employees not being able to execute anything around it."

Financial education strategies should be

IF YOU READ NOTHING ELSE, READ THIS . . .

- **Employers must identify employees' financial concerns.**
- **Financial education strategies should be based on employers' existing benefits.**
- **Strategies must be ongoing to maintain their impact.**

CAMERON LAW

CASE STUDY: VICTREX

Education programme rolled out for all employees

Polymer manufacturer Victrex launched a financial education programme in the summer of 2014 with the aim of engaging staff in the value of its benefits package, particularly its pension scheme.

With the help of financial education provider Wealth at Work, the organisation introduced workplace financial education seminars for its three sites in Middlesbrough, Rotherham and Thornton Cleveleys in Lancashire, with content segmented into three categories based on employees' age.

Sally Knill, head of reward at Victrex, says: "The idea of breaking the employee population into groups so that we could target information was a key aspect."

Group one comprised employees aged up to 32, group two those aged 32 to 47 and group three staff were aged 47 and above.

Topics ranged from mortgages and student loans for group one to long-term financial planning for group two and retirement options for group three.

The seminars also included advice on how to spot and avoid financial scams.

Seminars were held during each site's off-site, one-day awaydays. Employees were emailed in advance about which seminar they were scheduled to attend.

Knill says that since the seminars, the number of employees that have asked to pay additional voluntary contributions into the trust-based defined contribution pension scheme has increased from two or three a year to 17 in three months, demonstrating the effectiveness of the strategy.

The fact that the seminars were delivered by an independent provider boosted the programme's effectiveness, she says.

The programme, which has cost Victrex £25,000 to develop and implement, will be fully rolled out every three years to support employees' changing financial needs and aspirations as they progress to the next age group.

largely based on employers' existing benefits and workplace savings products, rather than being shoe-horned into an organisation.

Employers' pension schemes, share plans, share options, long-term incentive plans (L-tips), Isas and at-retirement programmes all sit perfectly within a workplace financial education strategy.

Employers may also include wider lifestyle issues, such as health and wellbeing management, for employees who are approaching retirement.

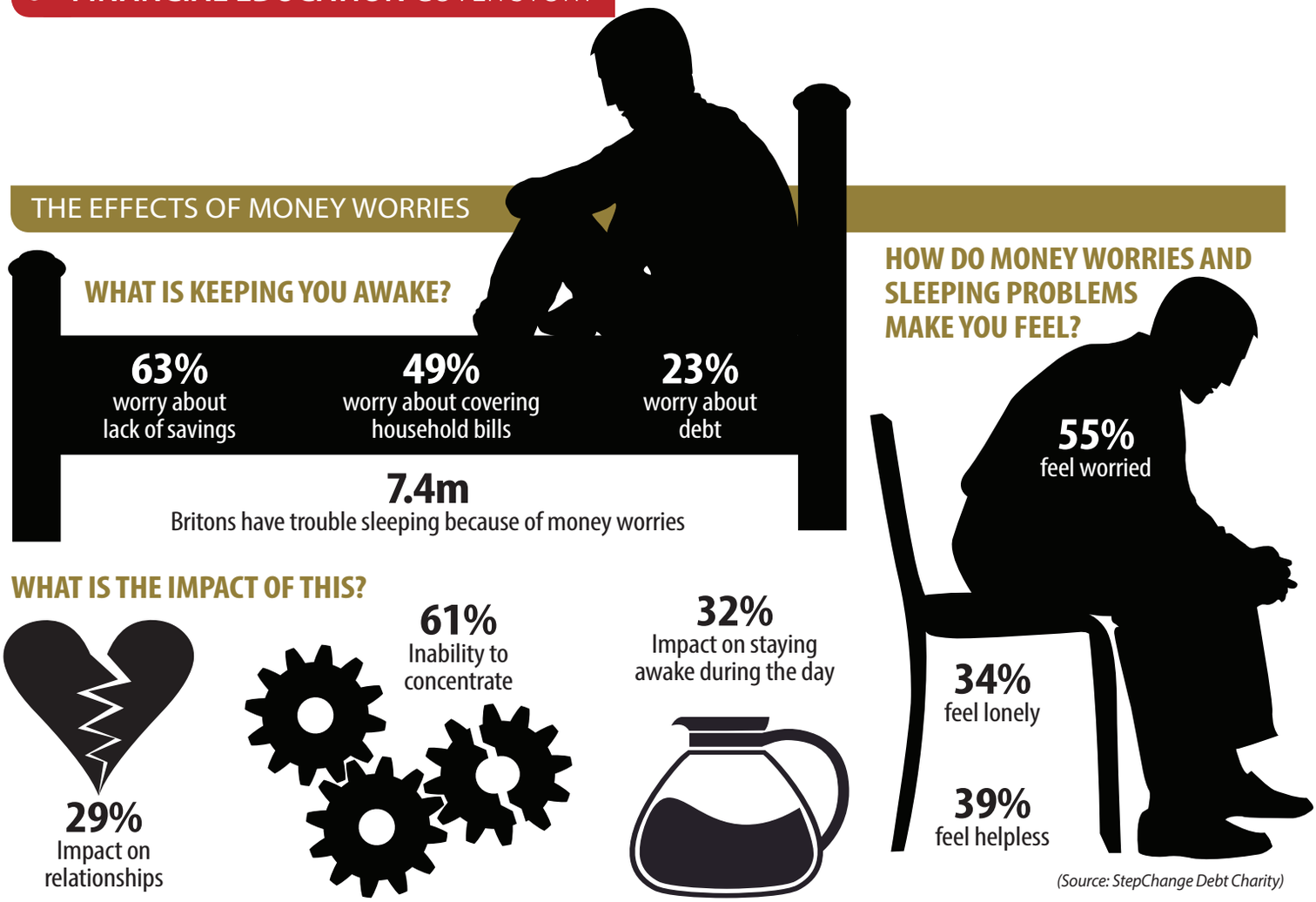
Delivery methods

Delivery methods for financial education strategies range from email campaigns and posters on office toilet doors to formal workplace seminars.

But Jeanette Makings, director, financial education services at Close Brothers, says employers must recognise that different employees require different methods of information delivery.

"For some staff, a face-to-face seminar will deliver the best outcome, while for others, employers might need to offer a webinar," she says.

Webinars are particularly useful for expatriate staff working around the globe, while face-to-face seminars deliver the best ➤



outcomes where complex financial information is involved.

Share options, L-tips, pension scheme annual allowances and lifetime limits are topics that are particularly well suited to face-to-face, and often one-to-one, delivery methods, says Clarity's Jones.

Workplace online calculators and planners can also support employers' efforts by enabling staff to model their own finances and forecast their retirement outcomes based on their current financial status.

The messaging around and within a financial education strategy must be engaging. Employers could decide to focus on employees' ages or life events such as marriage, the birth of a child or retirement.

Tax status

An employee's tax status can also be a useful communications hook, says Wealth at Work's Watts-Lay. "We might use a message that says 'Don't pay more tax than you have to', which will engage employees," he says.

Generic messaging can also be effective, says Jelf's Thresher. "What we have found works is a simple, generic invite that asks all staff: 'Do you want to be better with money'? and staff that do will engage," she says.

Employers should consider a rolling programme over about three years to sustain the impact of their strategy, adds Thresher.

Three-year plan

"Employers cannot get an employee who is struggling with money and debt and not budgeting very well to deal with their pension," she says. "They have got to take steps along the way, so employers need to work out a three-year plan and identify who they plan to tackle and when they plan to revisit them. Then I think they will get real success."

Clarity's Jones adds: "It should be a long-term strategy rather than a one-off event, designed to educate and empower employees over time and change behaviour."

Most employers consider financial education as part of their duty of care for staff and, accordingly, fund their strategies. However, some organisations require employees to fund independent financial advice, which is often offered through a flexible benefits plan.

But whatever the content of a financial education strategy, and however it is funded, it must be based on clear objectives.

Close Brothers' Makings says: "Employers need to understand what they are trying to achieve and then understand which part of their staff demographics it is targeted at and whether it is all staff or specific groups.

"Employers need to focus on understanding the segmentation required within these groups, how best to get to those employees, and what they will respond to best." ■

Clare Bettelley is associate editor at *Employee Benefits*

Read also *How to create a multi-generational financial education programme* at: bit.ly/1wfHtPS

How big a helping hand should employees get?

Supplied by:

Close Brothers

Employees' need for financial advice has never been greater, but how far should employers go to help them obtain it? **Jeanette Makings** looks at the options for staff and organisations

In April 2015, the government will introduce the most radical pension changes to have happened in almost 100 years.

From the age of 55, all staff will be able to access their entire defined contribution (DC) pension flexibly, whether taking it as a lump sum, buying an annuity, drawing down, or a combination of these options.

These wider freedoms may be quite rightly popular, but they mean more decisions will be needed at and before retirement. To ensure these are good decisions, the vast majority of employees will need support to understand their choices.

The impact of the changes should not be underestimated. Many employers and pension providers are working hard to adjust their communications, increase financial education and offer improved retirement income services. But there is no one-size-fits-all solution.

Employees who want to take their DC pensions will need to understand their options, review what is on offer across the market and decide what is best for them.

Guidance and advice

Many employees will not feel capable of doing that without guidance and advice. The *Employee Benefits/Close Brothers Pensions research 2014*, published in November, found that 48% of employers recognised that staff would need guidance at retirement, and 60% said uncertainty about how to make the best decisions when accessing pension savings was the greatest challenge facing their staff.

"The worst decisions may mean that employees' pension savings are lost"

On top of this, people are living longer, which means there could be 30 or more years of retirement to provide for. In the context of uncertain economic times, it is easy to see why more employees will need advice or be vulnerable to making poor decisions.

Poor decisions may mean they will pay more tax; but the worst decisions may mean that pension savings are lost, with staff unable to recoup capital or provide for their retirement.

It is clear that advice is crucial. Staff can find advisers in a number of ways: asking friends, family or colleagues, or searching the web.

But many ask their employer, which is a natural step because employers arrange their pension, have paid their salary for many years and are trusted. Many employees will expect their employer to help.

Employers tend to fall into one of five camps when it comes to recommending financial advice: they make no recommendation; they have a panel of financial advisers that they select formally or informally; they refer staff to their pension provider, *unbiased.com* or the Financial Conduct Authority's registered list of advisers; they select a financial adviser; or they provide financial education and access to providers that offer advice or can recommend a suitable adviser.

With greater debate around employer support for employees and helping them to find a suitable adviser, and in line with their duty of care, more employers are now considering how to respond.

The *Employee Benefits/Close Brothers Pensions research 2014* found that almost 20% of organisations said that the pension changes would force them to offer staff greater support at retirement, and more than 30% said they would provide access to one-to-one financial advice.

Adding in advice

Adding this requirement to an existing provider selection process need not be onerous. For example, when reviewing an existing financial education provider or pension provider, adding in financial advice as one more area of review should be a simple step for employers.

The landscape is changing and employers, advisers, pension and investment providers are having to adapt. Employees will naturally look to their employer for guidance and direction to find suitable advice.

Employers can respond to this in a number of ways, as they do now. But as the number of employees asking for help increases, the one thing employers can be certain of is that this issue is not going to disappear. Ignoring it and hoping it will go away is not an option.

Jeanette Makings is head of financial education services at Close Brothers

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Knowledge is strength

Benefits professionals need a certain level of financial expertise to make strategies work, says **Marianne Calnan**

Well-structured and implemented financial education strategies can help employees to manage their own finances better, but what is the optimum level of financial education that benefits professionals need in order to achieve this?

Benefits professionals need a basic level of personal finance knowledge to ensure the financial education they offer remains relevant and that they are supporting staff in key areas.

For example, just 12% of employees have a written financial plan for their retirement, according to Aegon UK's *Retirement readiness survey*, published in May 2014.

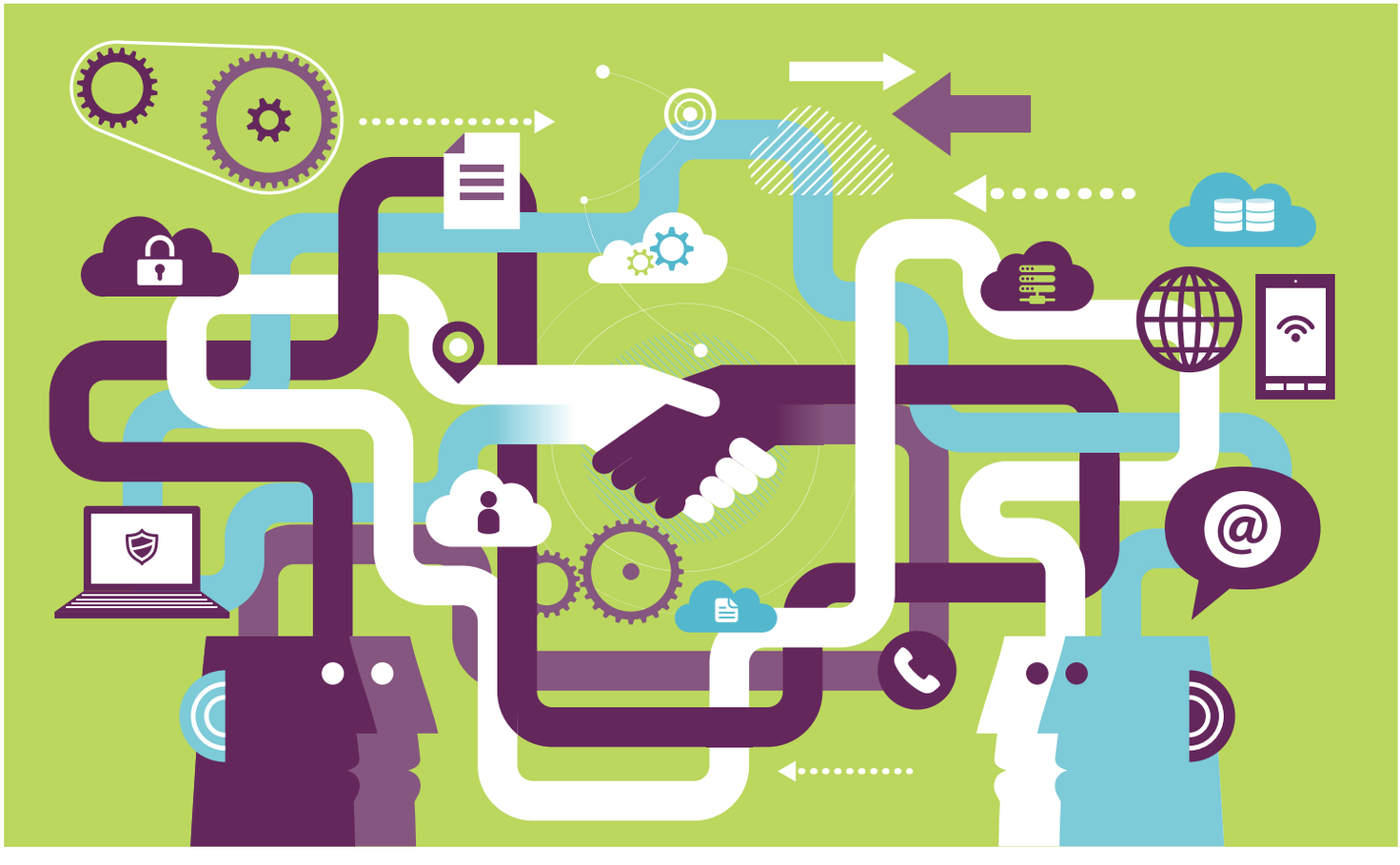
This is a worrying statistic given the abolition of compulsory annuitisation, which means that, from April 2015, all defined contribution (DC) pension scheme members aged 55 or above can draw down their entire pension pot as a cash lump sum.

Nathan Long, head of corporate pension research at pensions provider Hargreaves Lansdown, says: "It is estimated that up to £5 billion will be taken out of pension funds once the new pension freedoms are introduced. It is crucial to make people aware that their actions could have long-term implications."

Benefits professionals therefore need a good understanding of the financial products and

IF YOU READ NOTHING ELSE, READ THIS . . .

- **Benefits professionals need to keep track of personal finance industry trends and legislation to ensure that their financial education strategies remain relevant for their workforce.**
- **Financially stable employees will be more focused at work.**
- **Effective workplace financial education strategies can also help to motivate and retain employees.**



services available for staff and how they can use them, says Long. "Financial education breeds better understanding of what is offered by the employer and can bring total reward statements to life. Rather than simply listing the value of benefits, staff can understand their importance."

Employers are also under pressure to have an effective financial education strategy in place to support their staff, particularly around retirement planning, says Sharon Tebb, compensation and benefits manager at law firm Withers.

"Employers benefit from being recognised by their workforce as a responsible employer of choice that takes its financial education seriously and works with them to achieve their end goal: a good retirement package," she explains.

Fear of offering advice

But many benefit professionals shy away from financial education because of the fear of straying from guidance into the realms of advice, which the Financial Conduct Authority prohibits them from doing.

Keeping up to date with trends in the financial education market is also important, says Claire Whieldon, senior manager, reward and benefits at financial services organisation BGL Group.

"Reward professionals are expected to know the basics in terms of the financial services staff would be interested in, and what is included in the benefits package," she says. "But for specific advice and information, we signpost staff to the [workplace online] financial education tool."

The UK's ageing population means benefits professionals are compelled to help staff to manage their finances and any fear of straying into the realms of advice should not deter them from doing so, says Ian Hodson, rewards and benefits manager at the University of Lincoln.

"There was a void in the last 10 or so years when any mention of financial affairs was avoided [by employers] at the risk of offering financial advice," he says. "Sadly, this has meant that the acknowledgement of financial education, [as in the] understanding of why saving is important and how it can be done, was often compromised. I also think there is a barrier in that people do not like to admit they don't understand all financial matters.

"As employers, we have a huge part to play in this because we not only provide the major financial vehicles for supporting lifelong saving, but also often have to pick up the welfare and performance issues when plans are not in place."

A good strategy for employers is to enlist advisers to support their financial education efforts, says Hargreaves Lansdown's Long. The most successful financial communication strategies are those that rely on collaboration between adviser, employee and employer.

"It can be challenging for benefits professionals to communicate financial advice to their co-workers, particularly without help from a third- party specialist, provider or adviser," he says. "Also, considering employees have different needs at different stages in their lives, the risk of communicating and not covering a particular quirk or nuance of legislation is very high."

Successful, well-communicated financial education strategies, created and run by knowledgeable benefits professionals, can also help to retain staff. Darren Laverty, a director at employee benefits advisory firm Secondsight, says: "Better financial education can lead to better employee engagement and retention, but this requires employers to learn about retirement planning, not just pensions."

According to a study by Jelf Employee Benefits, published in October 2014, the main cause of stress in respondents' lives is money, with 32.5% saying so, and 26% citing work.

Jo Thresher, head of money at work at Jelf Employee Benefits, says: "Financial worries can be a distraction for staff, but a happy workforce is more focused and productive. Employers can retain talent and save on recruitment fees if their employees feel supported and valued." ■

38%
believe financial education is prohibitively expensive
Source: Secondsight's Is there a need for financial education in the workplace? white paper, October 2014

CASE STUDY: GERALD EVE

Employees offered personalised financial education

Sarah Draper, HR director at chartered surveyors Gerald Eve, believes benefits professionals need a good understanding of the products and services covered by a financial education strategy. "You need to know about financial products, such as pensions, in a commercial and business sense," she says.

The organisation introduced a personalised financial education programme for all 360 staff across its nine offices in November 2014. This includes one-to-one sessions with provider Hargreaves Lansdown's financial education team.

More than one-third (33%) of staff have taken up the sessions.

Draper says: "We are delighted with this latest round of financial education sessions. Our staff are already engaged with their pension, but we wanted to offer more in the way of financial education."

The organisation has also run on-site, age-based group sessions. Sessions for staff aged under 30 focus on household budgets, repaying student loans and getting on the property ladder, while sessions for older staff concentrated on when to retire, how to access pension savings flexibly and employees' required retirement income.

After the sessions, attendees were given a fact sheet about what was covered, and were sent an email survey to say what they found useful.

A survey by Gerald Eve found 97% of staff felt more confident about managing their money after attending the sessions.

Marianne Calnan is a reporter at *Employee Benefits*

Read also *How to measure the impact of financial education programmes* at bit.ly/169AG23

Get the message across

Howard Gannaway offers some top tips to communicate financial education strategies

Creating a financial education strategy is one thing, but communicating it is quite another, so employers need to consider their options. Here are four top tips they could take into consideration.

1. Consider staff knowledge

Many young people will have experienced financial education at school. Through the efforts of organisations such as the Personal Finance Education Group in the past 10 years, a young generation is emerging with experience of budgeting, running school savings banks and even entrepreneurship challenges.

In September 2014, financial education became a compulsory part of the national curriculum in secondary schools, so employers can expect even more young recruits to be familiar with financial matters. Many will have experienced a Young Enterprise entrepreneur challenge, involving the financial and operational management of a business venture.

Prospective employers will miss a trick if they do not identify these young people at selection and build on this by involving them in work that continues to extend them in relevant ways.

2. Create campaign hooks

Communicating with new or younger staff could go along the lines of: "Here at XYZ, we know how important it is for staff to manage their personal finances skilfully. It makes their lives happier and it also benefits us because we know that financially capable staff tend to be more effective at understanding how our business works, and they make better progress. XYZ wants to be as helpful as we can in this and that is why we…"

Clearly, a different approach is required for older employees, who may be thinking about their later lives and how their finances will work when they may no longer be fully employed.

Again, employers' approaches should be integrated with organisations' overall workforce planning strategies, including how they hope to manage the composition of their workforce as fewer young staff are available each year, and more staff in their middle years face decisions about balancing work with other personal needs, such as caring for older relatives or grandchildren.

Managing personal finances around such life events is challenging for employees at different times of their lives, particularly for older workers having to consider their retirement options.

SHUTTERSTOCK

IF YOU READ NOTHING ELSE, READ THIS . . .

- **Financial education programmes must be integrated with organisations' workforce planning strategies.**
- **Employers must consider their audience, because many young staff will have experienced financial education at school.**
- **Face-to-face learning can be a highly effective tool.**

3. Offer face-to-face learning

When deciding on the type of support employees require and the most effective delivery mechanisms, employers must consider the fact that many staff may already be supported by their trade unions. But that does not negate the need for employer support, particularly face-to-face.

Face-to-face learning has been found to be an accepted and effective method of delivery when provided through a trusted intermediary.

During the past decade, the Financial Services Authority (now the Financial Conduct Authority) has delivered hundreds of lunchtime seminars in workplaces, which were well received and prompted many employees to take action to improve their personal finance habits.

Employers could consider using an employee benefits consultant or a financial adviser to help deliver their strategy and educate staff.

4. Seek support where required

For many employers, a financial education strategy will be new territory and they may need advice and guidance on how to proceed.

The Money Advice Service's website is an excellent source of good information about personal finances. But it is important for employers to integrate any information they source into well-considered programmes that are tailored to their wider corporate strategies and are based on sound learning methodologies.

Such methodologies might include providing safe laboratory simulations of real-life personal finance operations, or incorporating personal finance into other training.

Employers must also remember that, although an employee may feel confident tackling these learning issues in the workplace, most staff are part of a wider household that will also have an interest in what is being learned ■

Howard Gannaway is senior associate in financial learning at the National Institute of Adult Continuing Education

Read also *Buyer's guide to financial education* at bit.ly/1331XSw

Providers of financial education products and services

WEALTH at work

KNOWLEDGE | EXPERIENCE | OPPORTUNITY

WEALTH at work
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Put your company ahead

WEALTH at work is a leading provider of financial education in the workplace with an excellent reputation for delivering real results for its clients, ranging from large FTSE companies to SMEs. This service is supported by guidance, regulated advice and employee wealth management services when required.

WEALTH at work provides a service which helps employees to understand how to maximise the value of their benefits by providing financial education tailored to the needs of individual companies and of different employee groups within those companies. This can then be supported by online guidance and an advice service which allows, for example, the linking of company share schemes to pensions and ISAs, retirement income planning for retirees and specialist support and guidance for senior executives.

WEALTH at work could assist your company by helping you to communicate financial legislative changes and other important issues to your employees. For example, by providing comprehensive guidance relating to retirement income options or educating employees about the risk of holding too great a proportion of their wealth in the shares of one company.

clarity

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We are fee based independent financial advisers who have specialised in financial education and advice, as an employee benefit, for 16 years. Also, by helping companies communicate the value of their benefits we have been able to positively impact employer retention levels and ensure employees relate any benefit changes to their individual circumstances. By using traditional and web-based solutions we enable employees to personalise their experience and make educated financial decisions.

We can help with:

- Financial Wellbeing programmes
- Pension and benefit changes
- 3D online benefit statements & modelling
- Annual financial health checks
- Retirement and Estate planning
- Seminars/Webinars on financial topics
- One-to-one personal financial planning
- £150 consultation service

Our client list includes: Britvic, Cushman & Wakefield, IBM, Kingfisher, London School of Economics, Schlumberger, Shire, SThree, PwC and SwissRe.

the perfect fit for every employee.

3 easy steps to pension flexibility.

The new pension rules come into force in April 2015 and bring a whole new world of choice on how to generate income in retirement. And it's not just about pensions - all savings will need to be taken into account (such as ISAs) if retirement income is to be properly considered.

We have a complete service offering to help ensure your employees are informed and can take appropriate action - not just at the point of retirement but in the years leading up to retirement and beyond.

1. **What do I need to know?**

   Financial education can be delivered via many routes such as seminars, webinars or through online tools but the most important thing is it will be tailored to your employees based on the benefits you provide. It will help your employees understand the advantages and disadvantages of all the new retirement income options available. In other words, it explains to them what they need to know!

2. **What is right for me?**

   Individual guidance and support can be provided including a helpdesk and fully regulated advice. Questions can be answered such as, 'should I retire now, delay retirement or work part time?' and 'how should I take my income?' Also, other considerations such as their partner's pension and savings can be taken into account.

3. **How do I do it?**

   We can then help them implement their chosen retirement income plan in line with their requirements whether that is taking some form of drawdown, buying an annuity or a combination of options. Many employees may want to make a series of decisions over time rather than a single choice at retirement and we can support them through this.

Ensure you get ahead and take advantage of this service now. To find out more, please contact us on: **0800 234 6880**, email us at **info@wealthatwork.co.uk** or visit **www.wealthatwork.co.uk**

RETIREMENT INCOME OPTIONS **SERVICE**

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