

Employer-Based Asset Building Toolkit

Urban Strategies Council, December 2009



Urban Strategies Council is developing an *Employer-Based Asset Building Toolkit* to help employers implement asset building programs for their employees to promote financial health. We are piloting this approach with the East Bay Community Foundation, Oakland Business Development Corporation and Inner City Advisors at the upcoming Jack London Square Food Pavilion and are looking for more opportunities to work with Bay Area businesses. If you are interested in learning more about how employee asset building strategies can be integrated into your business, please contact:

Lisa Forti lisaf@urbanstrategies.org or 510-893-2404

On the Job, Financial Health = Physical Health

How does financial distress affect employees?

- Productivity
 - Time at work worried about & dealing with finances
 - Second jobs
- Wage garnishments
- Wage and 401k advances

Why should employers participate in employee asset building?

- Productivity
- Recruitment
- Retention
- Administrative cost savings
- Employee Retirement Income Security Act (ERISA) or to meet the federal nondiscrimination test to qualify their pension plan for favorable treatment by the IRS

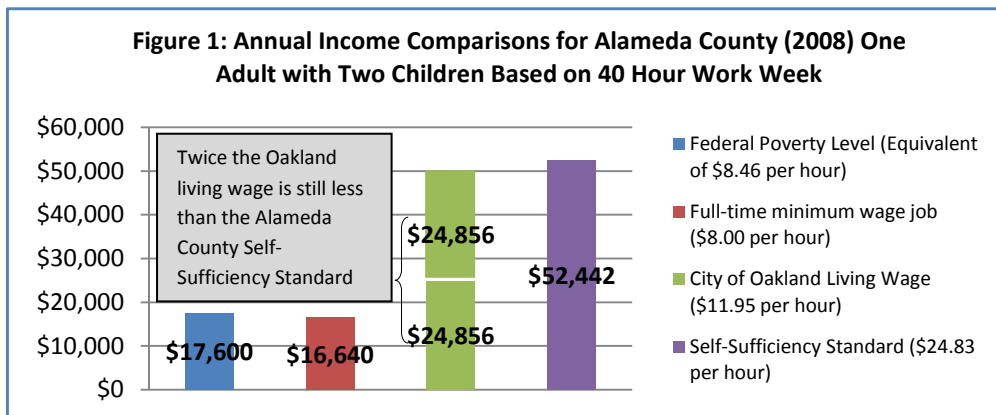
What are some of the Employer-Based Asset Building Opportunities?

	Financial Education & Counseling	Income Support	Financial Products	Asset Building
Goal	Provides education and guidance relevant to personal financial experience and goals; meets people "where they're at"	Increases or leverages existing income	Decreasing the amount of money paid on essential financial services by offering low-cost, consumer friendly transactional and credit products	Savings, ownership, and investment to acquire, leverage, and preserve wealth.
Tools & Strategies	<ul style="list-style-type: none"> • One-on-One sessions • Workshops and Seminars • Print materials • Paycheck stuffers • Emails or text messages • DVDs or internet tutorials • Employee Assistance Providers (EAPs) 	<ul style="list-style-type: none"> • Free tax preparation • Benefits enrollment • Work supports 	<ul style="list-style-type: none"> • Bank accounts • Pre-paid debit cards • Direct deposit • Payday loan alternative 	<ul style="list-style-type: none"> • Individual Development Accounts (IDAs) • Automatic enrollment • Auto Save • Employee Stock Purchase Plan (ESPP) • Employee Stock Ownership Plan (ESOP) • Savers Clubs

Employer-Based Asset Building Overview

Employers have long understood that the physical health of their employees is an important aspect of employee productivity and retention. Consequently, employers routinely make investments in employee physical health through insurance coverage, health centers, education campaigns, and direct services such as on-site gyms or smoking cessation programs. An equally important domain of employee health is *financial* health. The financial health of employees – whether adequate income to provide for their families, savings for emergencies and investments such as education, long-term plans for retirement, and low-cost ways to access their money-- also contribute to productivity, good customer service and retention.

In today's economy, even employees who do not qualify as "low wage" are suffering financial hardships – foreclosures, rising healthcare costs and debt. The Self-Sufficiency Standard¹ is defined as the wage level a family would need to earn in order to cover all basic costs of living in a geographic area (housing, food, childcare, transportation, etc). In 2008, the Self-Sufficiency Standard for Alameda County was \$52,422 for a single parent with two children and \$63,435 for two parents with two children.



The Personal Finance Employee Education Foundation found a correlation between financial distress and poor health, which has a negative impact on productivity. In some instances, up to 80 percent of financially distressed workers reported spending time at work worrying about their personal finances and dealing with financial issues instead of working.² Human Resources Magazine reports that employees are increasingly overburdened by debt – homes, credit cards, health care costs, education, etc. and many spend time at work addressing the problems. Many have also taken second jobs in order to pay down debt, resulting in lower productivity at their primary job.³

A January 2008 survey by the Society for Human Resource Management found⁴:

- 39% increase in the past 12 months of employees asking for advance on 401k retirement account
- 26% increase in employees with wages garnished by collection agency
- 20% increase in employees asking for advances on wages

All of the research points to the fact that employees in financial distress or without a stable income that allows for asset building are less productive and more costly to their employers.

Urban Strategies Council is developing a toolkit to help employers save costs and their employees build assets. Contact Lisa Forti lisaf@urbanstrategies.org or 510-893-2404 to learn more.

¹ Insight Center for Community Economic Development, Self-Sufficiency Standard 2008

² Mandell, Lewis PhD (November 2008). *Financial education in the workplace: Motivations, methods and barriers*. Prepared for the Asset Building Program, New America Foundation

³ Weaver, Gina & Rollins, Peter (July 1, 2008). Easing the burden of employees' debt. *HR Magazine*

⁴ Ibid