CFP BOARD REPORT

News From Financial Planning's Professional Regulatory Organization

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FINANCIAL PLANNING IN THE WORKPLACE

CFP Board's Workplace Education Program was developed in 2002 as a key element of a larger strategy to help make financial planning available to underserved segments of the general public. At the time, a series of circumstances and corporate scandals had left many employees anxious and confused about their own financial security. With an economy in recession, skyrocketing consumer debt and the collapse of Enron, WorldCom and Arthur Andersen, there had never been a better time to direct financial planning education to employees. For average Americans, the locus for financial planning is the workplace. Employees must make very important decisions about retirement planning, health, life and disability insurance, tax management and other issues that affect their finances – and many are required to make these decisions within the compressed time frame of open enrollment. Unfortunately, these critical financial decisions are quite often made quickly and without guidance from qualified professionals.

The Workplace Education Program has provided Human Resource professionals with educational resources to help employees learn about the benefits of financial planning. From posters and flyers offering information about the importance and benefits of financial planning, to presentation materials, newsletter articles and Financial Planning Resource Kits, these materials remind employees of the need to plan their own futures, regardless of the benefits offered by their employers.

While many companies provide employees with educational materials about financial issues, others go further by including options for financial planning services in their employee benefits packages. For example, it's becoming more common for Employee Assistance Programs (EAP) to be enhanced to include access to legal and/or financial services, such as the enhanced EAP offered to Google employees.

Financial planning subsidies are also offered by some companies to employees who seek financial planning assistance from qualified financial professionals. Denver Water Board, for example, offers its employees an option to discuss their retirement plan disbursement options with a financial planner within six months of their anticipated retirement dates. The company has contracted with a group of financial planners who have agreed to provide services within a certain fee structure, and employees who choose to receive additional services are responsible for paying any additional fees incurred beyond the eight hours subsidized by Denver Water Board. Other organizations that offer a financial planning subsidy include Boston College and CFP Board.

Some employers take the financial planning needs of their employees so seriously that they hire financial planners as full-time employees to serve as a resource for other employees. Employees are encouraged to meet individually with the on-staff financial planner for any financial planning-related assistance they might need. The Houston Police Officers Pension System, for example, has hired as a full-time employee a local CFP® professional to provide

Houston police officers free financial planning advice on an as-needed basis. The CFP® professional cannot sell or recommend any specific products or make referrals to other financial planners, but the on-staff planner can act as a middleman between the police officers and the financial marketplace. Other organizations with on-staff CFP® professionals include Wells Real Estate Funds, Howalt McDowell Insurance and many credit unions.

As an increasing number of employers take steps to help their employees establish, maintain or improve their financial security, several companies and financial planners have focused their businesses on offering financial planning education and advice through the workplace.

The Heartland Institute for Financial Education (HIFE), for example, offers low-cost financial planning education seminars to employees of all income levels. The seminars are taught by experienced financial planners who have been certified by HIFE to become teachers of adult learners, and the seminars not only help increase the employees' understanding of financial concepts, but they also encourage employees to make the decision to seek financial planning assistance from a qualified financial planning professional. Approximately 60 percent of employees who participate in HIFE seminars go on to seek financial planning assistance from the financial planner who instructed the seminar, many of whom are CFP® professionals.

Myfinancialadvice, Inc (MFA) offers an online service platform that connects employees with CFP® practitioners directly through their company's HR intranet. Employees receive live, one-on-one advice from the CFP® professional of their choice, delivered by phone and e-mail through a secure Web site. Depending on the pre-paid package options selected by their company, employees may receive retirement planning 401(k)/403(b) advice, assistance evaluating Health Savings Account options, and any of a number of financial planning services. At the close of each advice session, the employee receives a highly personalized written advice summary, including the adviser's analyses and recommendations.

Health Savings Account (HSA) options offered by MFA have become increasingly popular with Human Resource professionals, with employers such as the law firm Bryan Cave and the international consulting group ORC Macro offering the service to employees with excellent results. Susan Bruckert, Benefits Manager for Bryan Cave, said "the service helped [the employees] to understand the value of health savings accounts, as well as determine if this type of plan is a good option for them." Rhonda Goldstein, Benefits Manager for ORC Macro, sees great benefit from the HSA service's focus on advice rather than investment products, observing that the employees "liked that they could feel like no one was trying to sell them something." ORC Macro employees who took advantage of the HSA service rated their advisers across a number of service dimensions including professionalism, objectivity and quality of advice, and on a scale of 1 to 10 (10 being highest), the composite customer rating of advisers was an astounding 9.87. One ORC Macro employee commented that the financial planner "was helpful even beyond delivering my project, offering advice for the coming year. I greatly appreciate that."

Why would an employer offer access to financial planning in the workplace? Well, the answer is pretty simple. Financially-stressed employees are less productive, which negatively affects the bottom line. Furthermore, employees who are offered tax-advantaged retirement or healthcare plans such as a 401(k) plan or Health Savings Account, but who are confused as to how they work or how to allocate money, tend to adopt such plans at a very low rate when they do not have access to financial guidance. However, when employees do adopt these plans, their employers gain significant savings. For example, an increase in employee contributions to a company's 401(k) plan means a bigger tax break for the employer; likewise, the larger the plan, the greater the employer's negotiation power with plan fees. Increased HSA plan adoption may also provide a company with significant savings on FICA tax, premiums and claims costs. And employer liability is reduced by the use of CFP® professionals who are registered investment advisers and must work in the employee's best interest. There is a tremendous incentive, therefore, for employers to sponsor and pay for targeted advice on complex healthcare, retirement plans and other financial products and accounts.

The payoff for employers who provide access to financial planning in the workplace is obvious: a reduction in the employee stress and absenteeism that so often stems from personal financial difficulties; an increase in employee productivity, which means an increase in the bottom line; and tangible savings that come from increased participation in employer-sponsored retirement plans and account-based health plans. New, more personalized and scalable solutions for delivering financial planning in the workplace are here, and through the workplace the financial planning profession may finally be able to serve those who need it most.

Employers and CFP® certificants interested in learning more about Heartland Institute of Financial Education's financial planning education seminars may contact them at 303-597-0197 or www.heartlandfinancialeducation.org.

CFP® certificants interested in learning more about Myfinancialadvice.com's programs may contact Tim Cunningham, CFP® here. Employers interested in providing their employees with access to financial planning advice through the Internet may contact Ron Peremel here.

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