



# The value of impartial financial education

**How organizations can provide financial education that changes lives**



# The value of impartial financial education

It's no secret that when people have control over their money, they're more likely to achieve life goals, feel more secure, and experience holistic wellbeing. And yet, even in the 19th century, American essayist Ralph Waldo Emerson voiced a sentiment that many people still feel today: Finances are daunting, and when you don't feel as if you know how to manage money, getting enough can feel like an insurmountable task.

Negative feelings about money aren't limited to one group or another. People around the world on all income levels are concerned because they don't feel in control of their financial situation, and that life goals such as buying a home or retiring will have to be put on hold. The result is widespread fear that with a lost job, an illness, or another unexpected event, financial stability can disappear in an instant<sup>1</sup>. All of this amounts to many people feeling stressed, unhappy and unhealthy.

But employee benefits that serve the whole individual - including robust, impartial financial education - can change all that. In addition to traditional benefits such as healthcare and retirement planning, financial education is critical to ensuring the holistic health of your workforce. After all, employees earn money in exchange for the energy and time they give to an employer. Now, more than ever, employers need to take the right steps to ensure the financial wellbeing of their people.

*Money often costs too much.*

Ralph Waldo Emerson, 1860

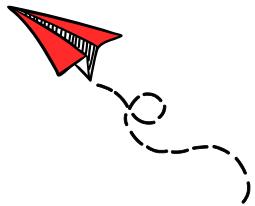


**Financial education  
is critical to ensure  
the holistic health of  
your workforce**



<sup>1</sup> | NY Times: <https://www.nytimes.com/2020/03/06/smarter-living/the-special-kind-of-impostor-syndrome-that-comes-when-youre-not-broke-anymore.html>

# Money matters



No matter who you are, money will affect your life in some way. Each of us has a set of unique goals and aspirations - but we must all use and manage money to meet them.

## Concerns over money are all too common

Our global financial wellbeing report, 'Disrupting money habits' found that most people around the world, 55%, have the most basic aspirations with regard to money - they aspire simply to have enough to pay their bills. This number underpins the widespread lack of control that many feel in relation to money. In fact, 45% of people globally, and 77% of Americans<sup>2</sup>, feel anxious about their financial situation.

Financial anxiety prevents many people from living a fulfilling or sustainable life. In addition to fears around the ability to pay bills, 49% of people around the world are afraid they won't have enough money to retire<sup>3</sup>. This figure is even more striking in the United States, where 68%<sup>2</sup> don't expect they'll be able to retire at all.

But financial anxiety doesn't stop people from dreaming. Half of those surveyed globally said that they hope to save enough money to own a home, while 59% said they feel hopeful about their financial situation — that there's a chance things could get brighter. This is because everyone, no matter their income, has financial goals. People want to feel like they have the power and the knowledge to achieve them, whether it's buying a home, going on a trip, or saving for the future.

There is a hunger for financial security; no one wants to worry about money or not feel in control. While the old saying "money alone can't make you happy" may be true, we can say for certain that stress has an adverse effect on a person's wellbeing.



**49%**

of people around the world  
are afraid they won't have  
enough money to retire



<sup>2</sup> | Capital One: <https://www.capitalone.com/about/newsroom/mind-over-money-survey/>

<sup>3</sup> | nudge Global: Disrupting Money Habits

# People can achieve their goals, and experience happiness, with financial education

A person's financial situation can have an enormous influence on their overall happiness and contentment. And while it may be true that having more money alone can't make a person happy, we know that most people simply don't have the time or expertise to prioritize their finances. After all, these days, everyone is busy. But failing to give your finances the attention they need can make you feel unprepared and even lead to poor financial decisions. And this is a problem because concerns about money are one of the main drivers of anxiety<sup>4</sup>.

To be truly happy, individuals must experience holistic wellbeing, or "a state of complete physical, mental, and social" health, according to the World Health Organization<sup>5</sup>. But feeling a lack of control and that goals are unreachable can cause significant mental strain, as well as resulting in concerning material circumstances. In short, personal finances are a central component of wellbeing.

4 | Living with anxiety: <https://www.mentalhealth.org.uk/sites/default/files/living-with-anxiety-report.pdf>

5 | World Health Organization: <https://www.who.int/about/governance/constitution>



# Why financial education? People want it, and they need it.

Research tells us<sup>6</sup> that those with financial literacy are far more likely to have enough money to thrive. Furthermore, we also know that when knowledge about finances are gained early in life, people are more likely to experience high rates of positive overall wellbeing later on.

The problem is that most people don't receive this critical financial education. It's not routinely taught in schools, and in most cases, other institutions, such as governments, haven't stepped in to fill the void. As a result, 53% of people globally believe the deck is stacked against them and that people's access to wealth is often unfair. In other words, most people feel that financial wellbeing isn't something they can experience - and that forces beyond their control drive that inequality.

## Wealth is unfair for many

Because financial education isn't a consistent part of the education system in most countries, people often make unsound financial decisions<sup>7</sup> that can cause financial and material harm for years to come. They're also unsure of who to turn to for financial advice - and that's a problem.

But, there's no lack of desire for financial education; people know it's important. For example, the vast majority of millennials - 92% - would like to increase their money management skills, according to a study conducted in 2019<sup>8</sup>.



**53%**

of people globally believe the deck is stacked against them and that people's access to wealth is often unfair.



**92%**

of millennials would like to increase their money management skills, according to a study conducted in 2019.

<sup>6</sup> I Taylor and Francis Online: <https://www.tandfonline.com/doi/full/10.1080/1351847X.2020.1717569>

<sup>7</sup> I Frontiers: <https://www.frontiersin.org/articles/10.3389/fpsyg.2021.751709/full>

<sup>8</sup> I GFLEC: [https://gflec.org/wp-content/uploads/2019/04/Millennial-Engagement-with-Online-Financial-Education-Resources\\_FINAL.pdf](https://gflec.org/wp-content/uploads/2019/04/Millennial-Engagement-with-Online-Financial-Education-Resources_FINAL.pdf)

There's a financial knowledge vacuum. Regardless of geography and socioeconomic status, people want financial education. But it's simply not available to most. The biggest challenge is that people simply have no idea where to look. On top of that, many financial education options simply cost too much for the vast majority of individuals. Whatever the reason, the result is that 4 in 10 people rely on unregulated financial advice<sup>2</sup> - such as blogs, videos, and other internet resources that may or may not provide sound recommendations.

## Financial education makes it possible to achieve life goals

The good news is that people who receive high-quality financial education continue pursuing even more learning in this area over time. In other words, once you learn about financial education, you'll probably come back for more, and your knowledge will continue to grow. Plus, people with a higher financial literacy level are also more likely to make sound financial decisions<sup>9</sup>.

People want robust, high-quality financial education. And the stakes are high: Those who receive high-quality financial education can end up with 40% more wealth than those without access to these resources<sup>10</sup>.

Financial wellbeing can feel exclusive, but it doesn't have to - and an impartial financial education can help everyone achieve their goals.



**4 in 10**

people rely on unregulated financial advice



Those who receive high-quality financial education can end up with

**40%**

more wealth than those without access to these resources.



<sup>9</sup> I Research Gate: [https://www.researchgate.net/publication/323856184\\_Financial\\_literacy\\_overconfidence\\_and\\_financial\\_advice\\_seeking](https://www.researchgate.net/publication/323856184_Financial_literacy_overconfidence_and_financial_advice_seeking)

<sup>10</sup> I SpringerLink: <https://link.springer.com/article/10.1007/s10551-016-3206-7>

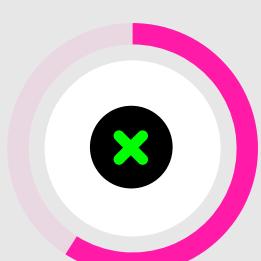
# The need for impartial financial education

The benefits of financial education are clear, but not all resources are created equal. Even among high-quality educational resources, there can exist an insidious bias.

The problem with many financial education resources, even those that largely make sound suggestions, is that many pull people in with the promise of a brighter financial future, only to suggest it can only be attained by purchasing a particular product. Whether it's an investment portfolio, the services of a financial advisor, or any number of other products and services, a great many financial education providers link learning with sales. And the result is biased recommendations that favor financial services providers, not individuals.

## What is impartial financial education?

An impartial financial education is one that is not linked to any financial products or services. This means that the education provider has no ulterior hidden agenda and no conflicts. The provider doesn't depend on making a sale to earn their living. As a result, a program's financial advice won't direct users to products that may or may not be right for them. That also means that an impartial financial education diminishes risk for users. In short, an impartial solution provides high-quality financial education, without the sell.



of people globally say that their employer doesn't communicate with them regularly about how to improve their financial wellbeing



An impartial solution provides high-quality financial education, without the sell.



# The business case for impartial financial education

Financial education isn't part of the typical employee experience. In fact, 59% of people globally say that their employer doesn't communicate with them regularly<sup>2</sup> about how to improve financial wellbeing. This means that employers - those who compensate individuals for their time with money - don't talk about topics like budgeting, saving, and investing with their employees. In addition, beyond the human benefits, companies are more likely to thrive when their employees aren't worrying about money.

Not only do employees feel more productive when they're experiencing financial wellbeing, but employees who receive financial education are also 23% more likely to stay with their employer. As many companies navigate the challenges of a competitive business landscape and the Great Resignation<sup>11</sup>, taking steps to ensure that employees are thriving financially, such as providing financial education, can prove to be a critical change-maker.

**85%**

of financially healthy workers feel more productive at work<sup>12</sup>.



<sup>11</sup> | Harvard Business Review: <https://hbr.org/2021/11/6-strategies-to-boost-retention-through-the-great-resignation>

<sup>12</sup> | MetLife: <https://www.metlife.com/employee-benefit-trends/ebts-financial-wellness-2020/>

# Financial education: The heart of employee benefits

Employers are in a unique position to provide the kind of financial education that can change lives. By incorporating impartial financial education into a new or existing benefits program, organizations can ensure employees have the tools they need to thrive. Employees who receive financial education are four times more likely to feel pride and contentment in their financial situation and twice as likely to feel hopeful about their financial future. But they're also more likely to increase the engagement rate of other benefits as well. This occurs for a host of reasons - impartial financial education can increase people's knowledge of retirement plans, the stock market, and more. But regardless of the reasons, impartial financial education can contribute to greater holistic wellbeing among your people. In other words, it can serve as the heart of your employee benefits package.

Financial education is an inclusive employee benefit - it's not a niche that only some can utilize and benefit from. Instead, impartial financial education has the power to transform individuals' lives, increasing access to financial wellbeing and democratizing wealth. Though many view financial wellbeing as unattainable, employee benefits that emphasize financial education can change this narrative to one that is more inclusive, hopeful, and equitable for all.



Financial  
education is  
an inclusive  
employee  
benefit



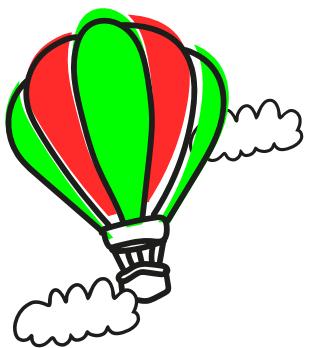
# Make financial wellbeing the center of your benefits program

Anxiety related to finances can wreak havoc on a person's mental and physical health - and ultimately your business. But even for those who aren't suffering from this kind of anxiety, financial education can make all the difference in improving quality of life by helping people understand how to make the most of their money and achieve their goals.

Since people are the most important element of your organization, ensure your benefits package cares for the whole person. Make impartial financial education the center of your employee benefits solution.

Unbiased financial education can empower employees to make sound decisions with money and can contribute to holistic health.

**True financial wellbeing** can't have an ulterior motive such as selling payroll loans, pensions, pay advances, asset management support, mortgages, and bank accounts. This is important because, without prioritizing skills and knowledge, your people might select incorrect products and services that could do more harm than good.



**45% of people globally feel anxious about their financial situation**

