

ifs Workplace Financial Education Programme

THE NEED

The UK suffers from poor levels of financial capability i.e. many are lacking the skills, confidence and knowledge to make informed financial decisions.

For example, 77% of people do not know what an APR is, 25% of Britons have no idea how much they spend in a week and 26% have no idea of their monthly cash flow.

Nearly half of all adults in the UK have no savings at all to help them cope with rainy days. At 1.1% the UK has the second worst savings ratio in the developed world.

80% of the population don't think that the state pension will give them the standard of living they hope for in retirement, yet 40% of this group have made no additional provision for their retirement.

A survey in 2007 found that people are more concerned about money than climate change, terrorism and crime which is hardly surprising given that recent research undertaken by the Samaritans concluded that the biggest source of stress for most people (51%) is money.

THE GAIN

What do you as an employer gain from having more financially capable employees?

- Financial concerns can cause stress, anxiety and even depression. This can result in poor performance at work. It can also lead to increased sickness absence.
- In 2004 8.7 million working days were lost due to people having time off work purely because of financial issues – this amounts to a loss of over £9billion to the UK economy
- Better financial awareness can also help employees value and appreciate their employer's benefit spend, and have a positive impact on levels of employee retention and engagement levels - as confirmed by CIPD research published in December 2006.
- AON research found that the average benefit spend for an employee earning £26,000 a year was equivalent to 21% of salary. However, when surveyed less than 2% of employees believed their employer spent an amount equivalent to 20% of salary on their benefits package – suggesting a failure to understand the value of the rewards on offer.
- The ability to manage your own finances well and developing an understanding of can translate into a more developed approach to financial matters in the workplace e.g.
- A more productive, less stressed and confident workforce can obviously provide a competitive advantage

What do employees gain from improving their financial capability?

By improving levels of financial capability employees can:

- manage their own money more effectively and with greater confidence
- understand and appreciate their total remuneration packages
- better keep track of their finances
- gain the ability to plan ahead
- be able to choose more appropriate financial products
- stay informed about financial matters

BENEFITS FROM WORKING WITH US

The *ifs School of Finance* has been providing effective financial education for almost 130 years. We have the knowledge and expertise to provide a range of tailored solutions in an accessible way.

By partnering with the *ifs School of Finance* you will also benefit from:

- Increased employee trust – the financial education will come from a trusted, knowledgeable, independent supplier of financial education and therefore will not be viewed with suspicion.
- Reduced costs - the development costs will be shared among all those companies involved.
- FSA reassurance - the FSA have committed to signing off the web site content as amounting to information only, rather than constituting advice.

THE PROPOSITION

The first stage of this programme is to design a website, that could be 'styled' in your company's own brand, in our brand or jointly branded

The websites could be styled to include only those parts felt appropriate by the employer. For example if a company offers SAYE but not SIP then only information about SAYE would appear. Or for companies with a defined contribution pension but not a defined benefit pension, only the former would appear. Our generic site would hold a wealth of information but each company site would only hold the information that was relevant to their employees.

We recognise that not all employees will have internet access so DVDs, leaflets, newsletters and articles for in-house publications could also be provided to accompany the website, again tailored to the needs of the company.

If your company would like to come in at this initial stage of development you would have the opportunity to directly influence the end product.

The web portal might have four or five key areas that a user can enter and find out more about the subject. For example, one on Financial Planning, on Pensions and on Employee Share Ownership etc.

You may wish to have either general or specific financial news links on the front page, including your share price if applicable.

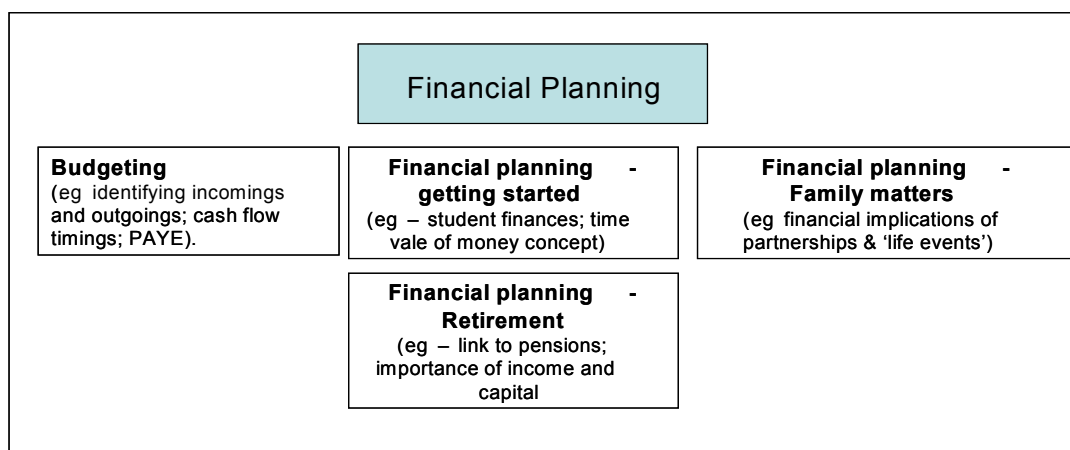
Each section might have a computer assisted tool to aid the user's understanding of how to apply the knowledge.

There will also be a link to FSA seminar sessions.

Short e-quizzes can also be utilised to test that the user understands the process they are embarking upon. These are already used successfully as revision and study aids as part of our GCSE, AS & A level equivalent qualifications in Personal Finance.

Financial planning

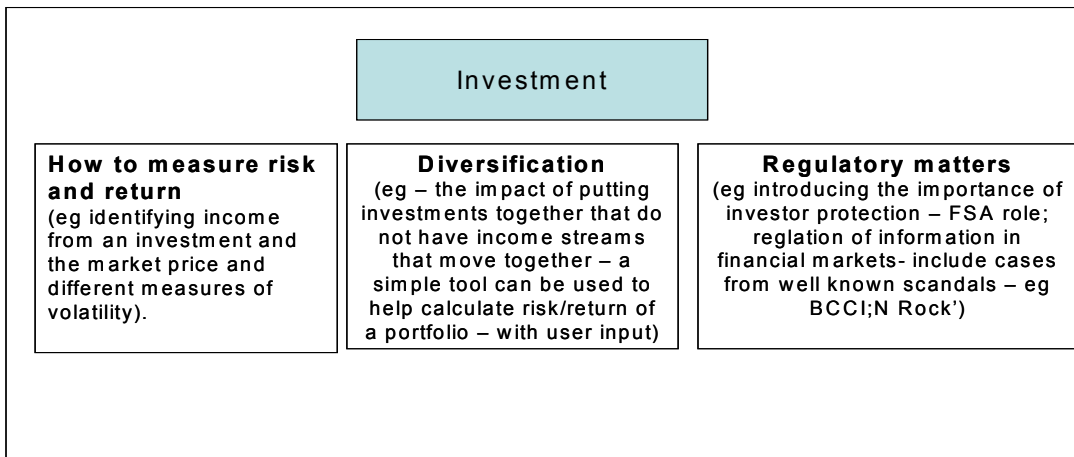
A potentially large area. Each topic would probably have links to content (or further help) and there would also be a helpful tool within each section (e.g. budgeting might have a pro-forma 'incomings; outgoings' cash flow ready reckoner' etc.). We may also be able to adapt some learning materials from existing *ifs* qualifications. The financial planning sections could span the age life cycle to engage with different ages/priorities if desired.



Investment

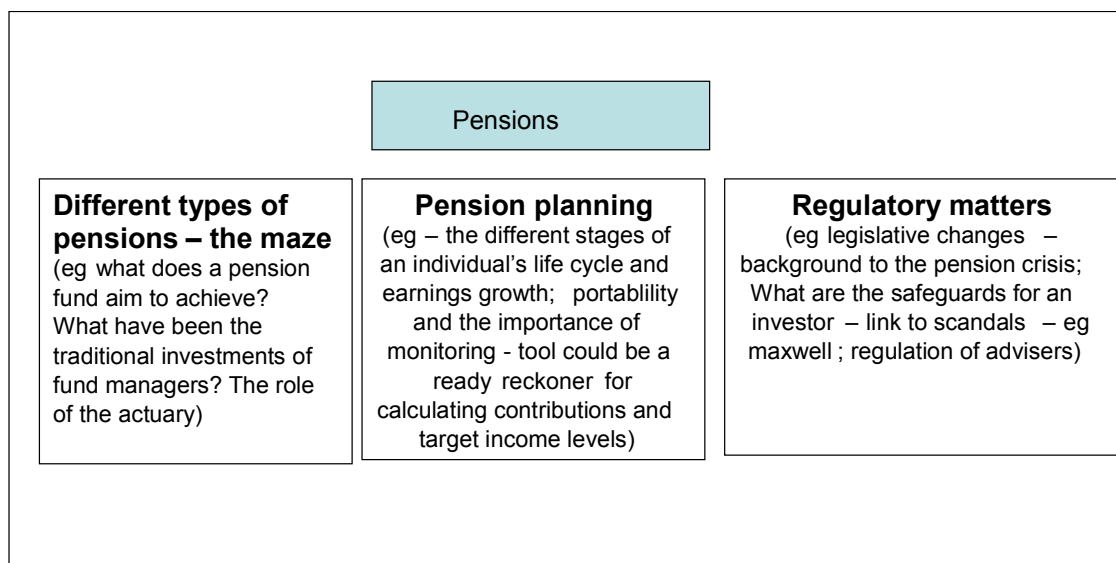
This is another potentially large area – it is envisaged that this section would help an uninformed user to reach a level of understanding about the importance of risk and return in comparing financial investments and key pitfalls.

The sections here would introduce the historical returns and risks of alternative investments and the importance of diversification (not having all your eggs in one basket) – important in the context of employee share ownership.



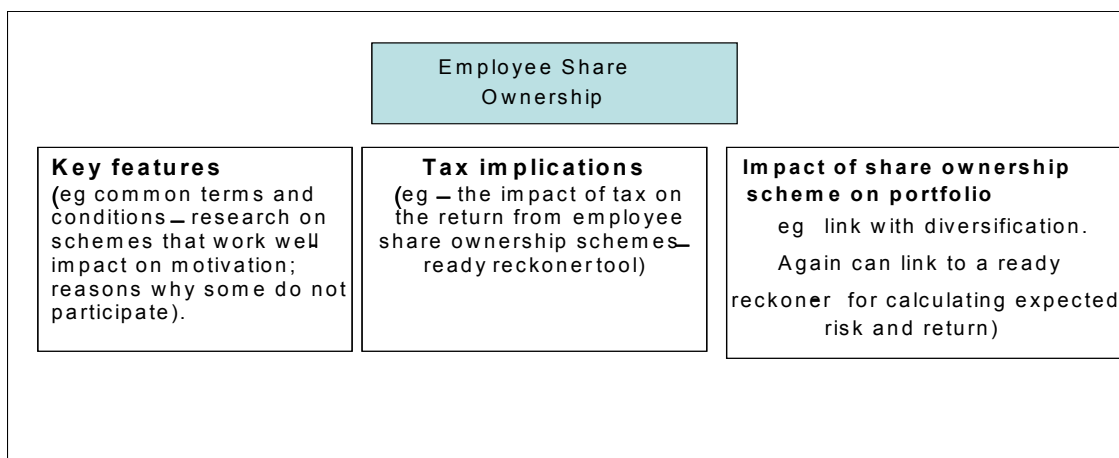
Pensions

This area can link in to *ifs* materials used for other qualifications. It is envisaged that the content would be at a 'novice level' and draw from links to many useful sites for more in-depth content. A ready reckoner tool could be provided to help an individual consider the variables and their impact on the pension target (e.g. interest rates/inflation/earnings)



Employee Share Ownership Plans

This section may link to individual company information on the plan/plans that they offer as well as generic information about the key features of employee share plans.



TIMINGS

- If you would like your company to be involved in the initial stages of development, you must sign up to the *ifs Workplace Financial Education Programme* by October 6 2008.
- Meetings, discussions and work on the site content will take place in November and December 2008 with a view to having a draft site in place for testing in the New Year.
- Launch of our generic site in spring/summer 2009 with individually tailored sites following soon after.

FURTHER INFORMATION

To express an interest in being involved in this project or if you have any queries about the *ifs Workplace Financial Education Programme*, please contact:

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