

# "Prove-It-Yourself"

***“Employers, is poor employee financial literacy costing you money?” You betcha, says PFEFF.***

**And YOU can prove it...with one easy-to-take snapshot of your employees. The PFEFF has the “no-cost-to-use” camera (the PFW scale) and you have the employee records.**

Human Resources executives may use the *Personal Financial Well-Being* scale to do the research in one day to make *the* business case for more financial literacy to improve the bottom line. The HR executive and/or the financial education provider already has access to the critical employee personnel data to conduct the appropriate research. This would include records on factors such as absenteeism and job performance rating for the past year.

The only other information needed is employee scores on the *Personal Financial Well-Being (PFW)* scale along with employee identification numbers. This data can be readily collected in a survey in hard copy or online.

Once the PFW scores are available, simply take a day to run the numbers:

1. Array the employees by PFW scores from low to high.
2. Group the scores into fifths with 20% of employees in each group.
3. Take the lowest fifth group and obtain absenteeism data (such as the mean number of absences) for those employees.
4. Take the highest fifth group and obtain absenteeism data (such as the mean number of absences) for those employees.
5. Compare the average absenteeism rates for the two groups.
6. Reach a conclusion about how absenteeism and personal financial well-being are related.
7. Consider going to speak with the Chief Financial Officer, but instead consider first looking at similarly grouped employee data for some or all of the following factors:

- a) **Absenteeism**
- b) **Tardiness**
- c) **Short-term disability**
- d) **Turnover**
- e) **Wage garnishments**
- f) **Health care costs**
- g) **Health status**
- h) **Substance abuse**
- i) **Workplace violence**
- j) **Accidents**
- k) **Disability claims** (claims raise premiums)
- l) **Worker’s compensation claims** (claims raise premiums)

- m) **Participation in 401(k) program** (every employee who participates saves the employer cash in social security taxes not paid to the government)
- n) **Participation in 401(k) program to level sufficient to each the full employer match** (indicator of no lawsuits)
- o) **Participation in health care reimbursement program** (every employee who participates saves the employer cash in social security taxes not paid to the government)
- p) **Participation in dependent care reimbursement program** (every employee who participates saves the employer cash in social security taxes not paid to the government)
- q) **Participation in dependent care reimbursement program** (every employee who participates saves the employer cash in social security taxes not paid to the government)
- r) **Participation alternative low-cost consumer-driven health care plan**, rather than the employer's more expensive plan (saving cash money for the employer)

With good recordkeeping the above data can be analyzed in one day.

8. Prepare report for management on findings that also recommends providing employees with access to more basic financial education that increases financial literacy and changes employees' personal financial behaviors so financial distress decreases and financial well-being improves.

9. Consider asking Personal Finance Employee Education Foundation, Inc. to subsidize travel expenses for HR person to present findings to outside organizations.

10. Consider sharing confidential draft findings with PFEEF who can help you create a return-on-investment formula and a dollar amount of potential savings for your employer. We also may cite your findings anonymously in academic research articles.