



Product in focus

FINANCIAL EDUCATION

FINANCIAL education is used to provide information to staff about a range of personal finance issues. It is distinguished from financial advice by its generic nature and can help staff better understand the value of the financial perks offered by their employer and encourage them to make informed decisions where required. It is important that staff understand and are kept up to date with changes in relation to benefits such as pensions, employee share schemes and death-in-service benefits, as well as the impact of taking up salary sacrifice arrangements.

Employers can also extend the reach of financial education outside of benefits and work-related issues to help staff with their overall financial planning, such as managing debt, handling a mortgage or taking out loans. It is in their interests to do so as employee concerns about personal finances can have a detrimental effect on productivity and performance.

Steve Charlton, a principal at Punter Southall, says: "Pensions advice is very popular, and so is information around income protection. Some of the stuff we have done in the past has also been related to managing debt."

One option for employers is to undertake financial education in-house by posting basic information on company intranet or internet sites, in benefits brochures or on posters and flyers. Financial education can also be

New forms of communication such as pod and webcasts are helping employers to provide generic financial education, says **Nick Golding**



provided to staff through group seminars, workshops and individual clinics. More innovative employers will also utilise IT-based programmes, such as web or podcasts, that staff can download to either watch or listen to.

Alternatively, employers can employ the services of third-party consultants or advisers to provide such services or materials. Chris McWilliams, a consultant at Aon Consulting, explains: "Some employers are more paternal than others, but usually we offer a range of booklets that cover a range of topics. We also conduct staff presentations, seminars for around 20 staff at a time, DVDs, podcasts and webcasts."

The government is also keen for employers to provide financial education for staff. By way of an incentive, employers can provide up to £150-worth of one-to-one pensions advice per year between an employee and financial adviser, tax free. Should the cost of the advice exceed £150, however, the whole amount becomes taxable. Any other form of financial education, however, is taxed as a benefit in kind.

A government taskforce, headed by Otto Thoresen, chief executive of Aegon UK, is also currently examining the feasibility of delivering national generic financial advice to individuals considered to be at greatest risk of the consequences of poor financial decision making. Its final recommendations are due to be published early next year.

Whatever education employers provide, however, Charlton believes it can add value to their benefits packages. "For every pound that is spent on financial education, the employer gets a greater return on its investment into benefits," he explains **EB**

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What is financial education?

Generic financial education can be offered to help staff better understand the benefits they are offered and their wider financial planning needs. Employers have a range of options available to them which they can either carry out in-house or through a third-party provider. Financial education can include seminars or interactive workshops, information booklets and online resources for staff.

- Clarity
- Close Wealth Management
- Financial Services Authority (FSA)
- Friends Provident
- JPMorgan Invest
- Legal & General
- Origen
- Templar Group

Where can employers get more information?

For more information visit www.fsa.gov.uk/financial_capability/tools/workplace.html

Who are the main providers?

- Aon Consulting