

Financial Literacy Training for Employers: What it Really Means and Why Your Business Can't Afford to Ignore It

Ask any business leader what his/her company's most valuable asset is and you'll hear the same answer: "Our employees." The people who run the company, from the front lines to the boardroom, are the ones who provide the passion, drive, expertise, and value that make a business profitable. With so much at stake, providing financial literacy training to every member of the team is a must.

What Is Financial Literacy?

The term "financial literacy" refers to an ability to understand money matters: how money is made, where it goes, and how it grows or is wasted through various uses.

How strong are the average person's financial literacy skills? Studies paint a grim picture. According to a recent [U.S. News report](#), 18 percent of 15-year-old students in a recent survey could not answer even the most basic questions about financial matters like reading an invoice. The numbers do not improve as study participants age, a fact which suggests that financial literacy lessons are sorely lacking at every educational level.

People with good financial literacy skills are better at managing money, getting more value from it, investing it wisely, or donating it to help others. When a business' employees and leadership have good financial literacy skills, they are better able to see how the "bottom line" emerges from the "big picture," allowing them to spend their time and effort more productively at work.

How Can Financial Literacy Training Help My Business?

Few workers or business owners have financial literacy training, and most of them keenly feel the loss. According to an [Employee Financial Well-Being](#) white paper, 87 percent of employees want more financial education. They want the training to understand how the monetary component works, so they can better perform their own jobs and support the company's financial goals. Employers also want better training so they can set more effective goals and direct their workers toward more productive tasks.

Financial literacy training helps businesses tackle some of the biggest challenges they face today including:

- **Economic uncertainty.** A majority of businesses expect stagnation or slow economic growth to impair their ability to expand sustainably, according to an Employee Financial Well-Being white paper. Companies with good financial literacy are better able to predict and respond to economic changes, allowing them to take advantage of good times and to better weather downturns.
- **Employee morale.** Employees spend approximately 13 percent of each workday, or one hour, handling money issues. Employers are concerned with employee burnout and losing top talent, both of which are more likely to occur

when staff members feel inadequately prepared to handle job tasks. Financial literacy training makes it easier for employees to do their jobs well, improving morale.

- **Absenteeism and Stress.** Employers can expect to lose one week per employee per year due to absenteeism. Even when workers are physically present, excessive stress can result in their minds being elsewhere. Financial literacy helps reduce these burdens by giving employees the tools they need to manage their own financial affairs as well as those of the company and allows them to feel more secure and keep their minds on their work instead of the bills.

Best Practices for Teaching Financial Literacy

Companies that commit to sharing financial literacy lessons with every member of the team can gain a significant advantage over companies that ignore this pressing need. For best results, companies need to plan their financial literacy training wisely.

According to a [1996 study](#), employees respond best to financial literacy training given in an in-person seminar, with or without time for one-on-one coaching. The study found that 80 percent of employees who received in-person training from a qualified financial literacy coach followed up by taking steps to improve their own financial security. Live webinars, video tutorials, and self-study workbooks and guides were popular as supplemental tools to in-person training.

In order to ensure the company gets the most out of financial literacy training it provides, employers should do the following:

- **Make it fun.** Training should directly address the topics that employees and leaders most need to understand in order to meet business goals, but it should also be engaging. Breakout sessions, games, and friendly competitions can all help employees enjoy the learning process.
- **Provide support.** Visiting a topic only once means that it is likely to be forgotten, according to a US News report. Make sure staff members have a chance to get feedback and share ideas in an ongoing project of improving everyone's understanding of money matters.
- **Choose a qualified instructor.** An instructor with a background in business and experience teaching financial literacy is an invaluable addition to the team. In-person instruction allows your employees and leadership to ask questions and get on-site feedback.

So many entrepreneurs, especially small business owners, start out with a particular expertise or innovation, and excel on that momentum in the beginning. But without a strong comprehension of financial trends and best practices, many business owners eventually falter and their companies alongside them. Be one of the success stories by improving your financial literacy. You, and your business, will be glad you did.

