

**Financial Capability
in the Workplace**
“Make the Most of Your Money”

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UK

Free Workplace Education - So where's the catch? (The Independent On Sunday - 25th June 2006)

Pay-as-you-learn – it all adds up

The FSA wants to offer free and impartial financial advice in the workplace. Its plan deserves to succeed



Try to find a reason to be cheerful about the UK's financial services industry and you'll usually end up thinking of buybacks and needles. But an ambitious plan to roll out a new national financial advice service in our workplaces might prove to be just the good news we need.

Advisers trained by the Financial Services Authority (FSA), the City regulator, will be coming to offices up and down the

country to offer basic financial advice to groups of employees.

The advisers will talk about whatever you and your colleagues are most concerned about, be it pensions, buying a house, personal debts, endowment policies or just sorting out your savings.

There's no advertising, marketing or product sales involved, but if, after the seminar, an individual wants to take things further, they can contact the company for which the adviser works – or, of course, choose a different one.

So where's the catch? Astonishingly, there doesn't appear to be one.

The service will cost you nothing except an hour of your work time.

Although your company loses an hour of work from each employee, it can promote the advice session as a staff perk – with repeat visits.

The financial adviser won't offer any branded products during the talk. His "return" is based on possible sales as a result of any follow-up business.

But, as the FSA points out, the true benefit of the scheme – should it be a success – will come in the form of a more financially savvy population better able to deal with the complexities of their personal finances.

It's all part of the National Strategy for Financial Capability, otherwise known as Fincap, a grand project orchestrated by the FSA to raise the level of financial awareness among Britons. The watchdog currently has several teams working on different "points of entry" for financial advice and education: the groups targeted include school children, families, young adults and workers. The challenge is to be able to reach those in each category and influence their way of thinking.

In schools, we're already seeing a move towards GCSE maths incorporating practical lessons in personal



Knowledge post by 2012, the FSA wants four million Britons to have attended a workplace seminar under its Fincap scheme

that figure reflects just how far there is to go. There are some two million companies in the UK – and 300,000 new ones are incorporated each year. That's a lot of offices to visit, and advisers to find and train.

Aware that it's early days, the FSA has set its own targets, for which it has a budget of £10m. In the 12 months to April 2007, it wants to reach 200,000 employees; the aim is for four million staff to have received some sort of workplace advice by 2012.

Vernon Everitt, the FSA director in charge of million

So where's the catch? Astonishingly, it looks as if there isn't one

credit and overdrafts, and how compound interest

any employees a "leap of faith" from those companies willing to put forward their staff to be trained as Fincap workplace financial advisers.

The long-term rewards should be obvious, Mr Everitt stresses: a nation of better-educated consumers using banks and lenders to actively buy products, as opposed to the current

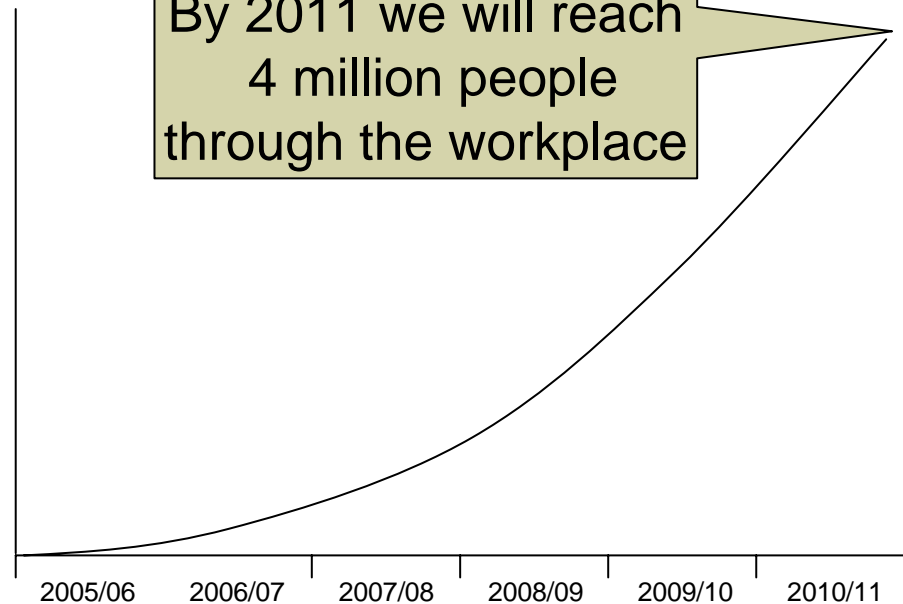
“Astonishingly, there doesn't appear to be one”

Sam Dunn

What is the Workplace Project?

'The aim of the Workplace project is to provide general financial education to employees in their place of work through accessible resources, & seminars delivered by trained professionals from the financial services industry & elsewhere'

By 2011 we will reach 4 million people through the workplace



'Helping consumers become more confident'

What are the results of the independent evaluation

- All parties regard the programme as high quality & useful.
- 82% of attendees **intend to take action** as a result of attending a seminar.
- When contacted 3 months later, 60% of seminar attendees had already **turned intention into action**.
- 90% of employees thought the seminar was pitched at just the right level.

The employee's experience

Preparation



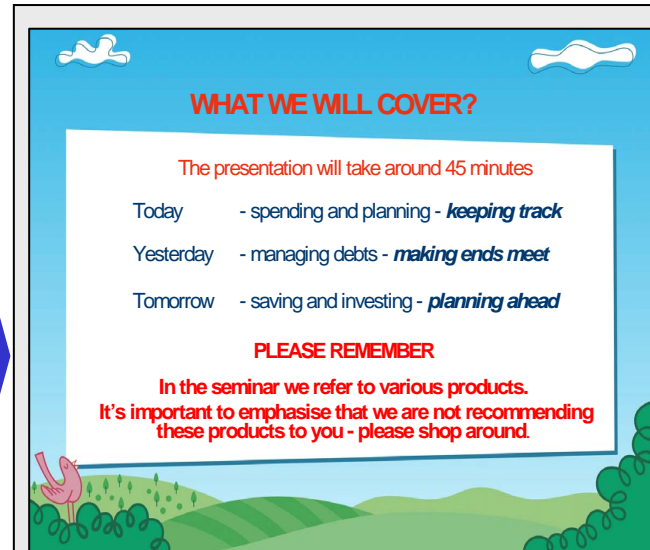
- *MMYM* is launched by management, with local publicity & HR messages
- This is an educational programme, not a sales exercise

Educational material



- Each employee receives the material with a letter from You.

Attendance at seminar



Employee:

- may choose to attend seminar at work, & may ask questions
- meets our objective by learning & changing their behaviour

For examples see our website: www.fsa.gov.uk/financial_capability/tools/workplace

Future product development



Pilot testing

- “dispersed” workers
- small groups
- resource centres

Use disk in

- home TV with DVD
- home computer
- work computer

Examples of the seminar slides



THE BASICS

Keeping track of your finances - where does all the money go?

Does your bank account leak - can you make ends meet?

Survival - paying for today - housing, food, transport etc

Paying for yesterday - Debts

Planning ahead and preparing for tomorrow - Holidays, Pensions, Goals

Do you really know where your money goes?
How much have you spent this week? On what?



WHAT THE STATE GIVES

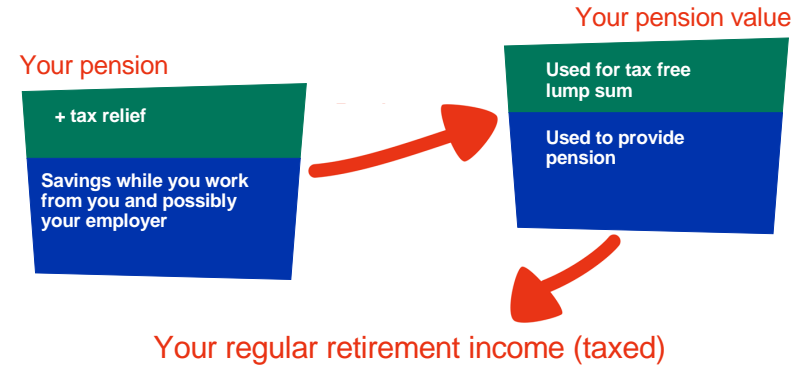
Currently three parts:

- **Basic State Pension:** flat-rate part of the State Pension
 - The full amount is £84.25 per week - but this varies
 - What will you get? Do you stay informed? Do you keep track?
- **Additional State Pension:** earnings-related, built up in the State Second Pension (S2P).
- **Pension Credit** for age 60 & over – Means-tested benefit
 - Find out what you might get from the Pensions Service - plan ahead.

See the useful contacts sheet for ideas on staying informed.

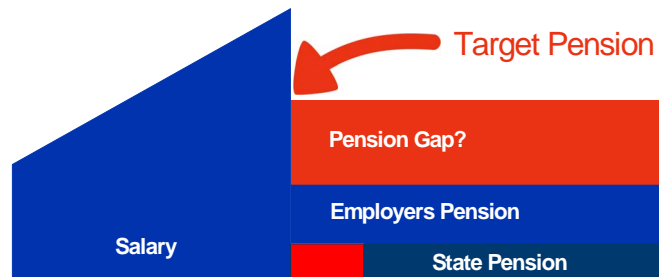
RETIREMENT

What is a pension - do you stay informed?



RETIREMENT

Start of your longest and best holiday - but from what age?

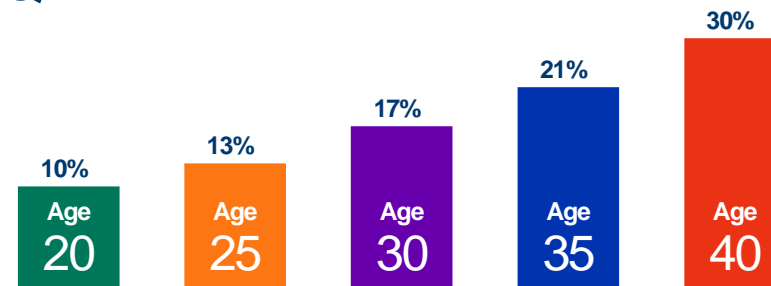


Are you informed?

Have you planned ahead - do you keep track - will you make ends meet?

RETIREMENT

Q What % of salary should I consider saving to retire on half pay at age 60?



A It depends on various issues, including whether you are male or female, and what return investments make in the future (these made up figures assume 3% more than inflation).

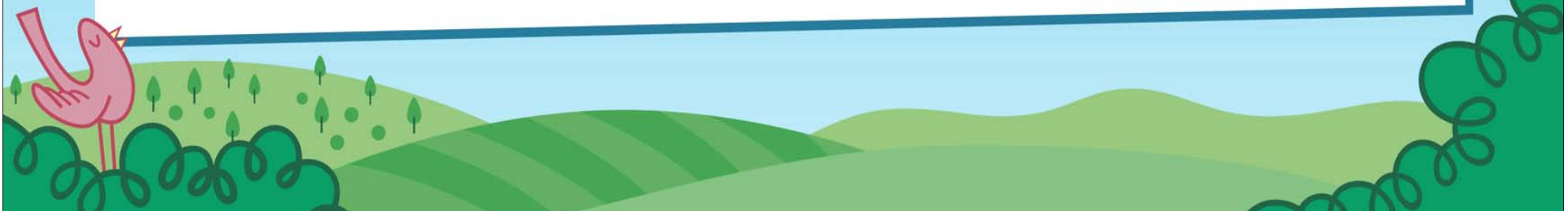
SO PLAN AHEAD – IT MIGHT HELP TO MAKE ENDS MEET



THE MAIN POINTS AGAIN

- Keep track of your spending - set up a budget - make ends meet
- Understand the financial products you have - stay informed
- Understand your Employment benefits
- Shop around for the best deal when choosing products - watch APR.
- Work out what you will do if things start to go wrong
- Review your saving for the future - plan ahead

WHY NOT TAKE A LOOK AT
www.moneymadeclear.fsa.gov.uk



How do we recruit employers?

- Recommendations from satisfied employers lead to approaches from their peer group.
- Magazine/ press articles prompt requests for information.
- Working partnerships with CBI, TUC, CIPD, BiTC, Caravan (a charity) & other key stakeholders.
- We have undertaken a small amount of targeted recruitment.

What are the benefits to employers?

- Enhanced awareness by employees of their employer's total reward package
- Staff under less stress
- Reduced absenteeism & improved staff retention
- Increased productivity
- Staff value the efforts you have made to arrange the programme



We believe that the FSA programme will help employees make the most of their money!

Questions?

Thank You !

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