Financial literacy is so critically important to working Americans that it can make them more productive and less vulnerable to major economic uncertainty, according to a new survey, but only about half of employers said they provide basic workplace financial education.

Highlights from a recent study point to financial literacy as essential for optimizing employee performance, as well as helping them understand and appreciate the benefits provided by the employer.

Most (83 percent) of those responding to the survey thought financial education is important to the level of productivity in their organization. This number is up from a level of 70 percent only two years ago. Almost all (94 percent) said that having employees who are financially secure is important in reducing employees’ susceptibility to major economic crises.

Many businesses (82 percent) provide basic information on retirement and investment education; however, only 52 percent provide basic workplace financial education on budgeting, debt reduction and credit management. It’s worth noting that the number is up substantially from 28 percent in 2010.

We must be doing something right. The bill collectors report a fall in the number of people they are dealing with. There are fewer garnishments, falling to 37.5 percent from 51 percent in 2010. Similar decreases were seen in terms of emergency loans, which fell to 36.4 percent from 42 percent. People are dealing with difficulties, but fewer people required extra time off to deal with finances.

The reality is that employees who are worried about their finances aren’t as effective at their job. Those phone calls from debt collectors do more than interrupt them long enough to answer the phone call. The worry about how they will pay the bills that follows the call keeps them from doing what they are paid to do.
If you have employees who are worried about finances, as an employer, your bottom line is affected by their concerns. But providing employee financial education doesn’t have to break your business’s budget.

There are lots of online resources that employees can refer to. But be sure that it is a reputable source that offers free, reliable information. One of my favorites is smartaboutmoney.org. A part of the National Endowment of Financial Education, this resource offers solid information on creating a firm financial foundation.

Also there is an online educational program called Manage My Money that has been created by Ohio State University. It is available at http://ohioline.osu.edu/mym/

A nonprofit debt counseling service like the National Foundation for Credit Counseling (NFCC) is a resource your employees can trust. In addition to using its website, employees can call NFCC toll-free at 1-800-388-2227 to get help in turning their financial troubles around.

If you are an employer and would like to offer educational programs to your employees, call your bank or credit union. Most have personal bankers or representatives that can offer programs on good money management practices. Here at Cooperative Extension, we also teach classes for groups on budgeting, getting out of debt and making the most of your money. Give us a call at 907-474-2426 and we’ll be glad to schedule a program for you.

Financial fitness is important to you and to your employees. Give them the tools they need to slay those financial demons and your bottom line will improve. If you are an employer and your employees are in financial trouble, seek help for them. It will improve both the employee’s bottom line and that of your business.

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