



SHRM Preferred Provider Status Approved

Heartland's *Financial Wellness* class has been approved by SHRM's *Human Resource Certification Institute* as a **Preferred Provider** for Human Resource professionals seeking **continuing education** credits for **PHR, SPHR** and **GPFR** professional designations. The goal of this class is to provide human resource professionals with a better understanding of the Federal Government Accountability Office's financial literacy movement, current and future retirement trends and the financial challenges that affect employee performance in the workplace. In addition attendees will gain a broader understanding of investments, taxes, estate planning, financial goal setting and how financial health integrates into an employees broader life goals.

All Heartland *Financial Wellness* courses are taught through colleges and universities by CFE®s (Certified Financial Educators). The CFE® is a trade mark designation awarded by the Heartland Institute of Financial Education. For more information about HIFE's *Financial Wellness* classes logon to hife-usa.org.

Point of Interest

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Meeting Your Fiduciary Responsibilities

In the US Department of Labor's publication: *Meeting Your Fiduciary Responsibilities* (published to assist private-sector retirement plan fiduciaries, available on www.dol.gov/ebsa) one comes across the rather chilling phrase: "Fiduciaries who do not follow the basic standards of conduct may be **personally liable** to restore any losses to the plan..." (p.3). Following 'standards of conduct' are not always an issue of personal integrity. Often failure to meet DOL standards of conduct stem from unintentional oversights on the part of fiduciaries. Something as simple as failing to follow the revue and replacement procedures of 401(k) investment options outlined in ones *Investment Policy Statement* can result in such a personal liability. Even more chilling is how many human resource professionals are unwitting fiduciaries, and, to make matters worse: "all fiduciaries have potential liability for the actions of their co-fiduciaries" (WHAT!) (p.3).

The DOL's booklet is not only helpful in untangling who is & is not a fiduciary, but offers some suggestions to help limit liability. For example: "a fiduciary liability is limited for the investment decisions made by participants if ...

What percentage of workers cash out of their 401(k) plans when changing jobs? a) 22% b) 32% c) 42% d) 52%

Did you say 'c.'? Almost half of workers – and fully 33% of those age 50-59 – withdraw all the assets from their 401(k)s when changing jobs, according to Hewitt Associates. Doing so results in a huge tax bite and can seriously erode an individuals retirement security. Wall Street Journal, Dec.20, 2004

401(k) or profit sharing plans are set up to give participants control over the investments in their accounts. For participants to have control, they must be given the opportunity to choose from a broad range of investment alternatives. In addition, participants **must be given sufficient information** to make informed decisions about the options offered under the plan.” Or put in other terms: “If participants make their own investment decisions, have you provided sufficient information for them to exercise control in making those decisions?” (p.10).

The key question is: how does one determine what amounts to “sufficient information”? “Sufficient information” seems left open to individual interpretation, a fairly dangerous ambiguity and one with potentially hazardous repercussions. The recent *2004 Survey of Defined Contributions Plans* (John Hancock) found 77% of defined contribution plan participants would want to meet with a financial advisor for financial advice (only 30% would want to discuss investment options over the telephone and just 16% would prefer the internet). Employees want access to financial education. Are your employees getting ‘sufficient information’?

Fortunately the cause for financial literacy for the nations workforce has been championed by a national consortium of colleges and universities dedicated to bring financial wellness courses to employees across the country. A partial list of these schools includes the University of Nebraska, University of Georgia, University of Wisconsin, University of North Carolina, at Pembroke, Kent State University, Community College of Aurora (Colorado) and Scottsdale Community College (Arizona). These schools provide companies with nationally approved courses in financial education written specifically for the nations workforce. Many of these classes have also received SHRM’s Human Resource Certification Institute’s *Preferred Provider* status and can be taken by HR professionals for recertification credit for the PHR, SPHR and GPHR professional designations.

For more information on the *HIFE Consortium of Colleges and Universities* and the financial wellness courses companies can offer to employees logon to hife-usa.org.

The National Movement for Financial Literacy

Title V of the Fair and Accurate Credit Transactions Act of 2003, known as the Financial Literacy and Education Improvement Act, created the Financial Literacy and Education Commission comprised of 20 federal agencies, and charged it with coordinating federal efforts and developing a national strategy to promote financial literacy. The act also mandated that GAO (Government Accountability Office) report on recommendations for improving financial literacy in the United States. Currently these 20 different federal agencies operate about 30 different programs or initiatives related to financial literacy. Faced with growing evidence that large numbers of Americans lack knowledge about basic personal economics and financial planning, policymakers and others have begun to focus increasing attention on the state of financial literacy in the US.

In the next issue of *HIFE News Review* we will take a deeper look at the financial literacy movement in the U.S..

HIFE Consortium of Colleges and Universities Welcomes Kent State

The HIFE Consortium of Colleges and Universities welcomes Kent State University as its newest consortium member. All of us at HIFE want to congratulate Kent State for its vision and commitment to financial literacy.