



Michelle Temeyer, CPA
(515)777-7075
michelle@bccadvisers.com
www.bccadvisers.com

Support Financial Literacy Efforts

By Michelle Temeyer – Financial Analyst, BCC Advisers
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There is a clear lack of financial literacy worldwide. In a survey of almost 7,000 high school students and over 1,000 college students in the United States, average scores on a basic personal finance test were 48% and 62%, respectively, both failing grades (Jumpstart, 2008). In a separate study of 3,600 adults in Europe, scores on a basic personal financial concepts test averaged just 41% (Smyczek & Matysiewicz, 2015). The need to improve financial literacy globally is clear. As CPA's, we can be leaders in assisting our clients and the general public to increase financial literacy levels.



Business Benefits

Educating individuals about financial concepts can benefit companies by improving the quality of employees hired and increasing productivity in the workforce. According to the Georgetown University Center on Education and the Workforce, 62% of all jobs in Iowa will require some postsecondary training beyond high school in 2018. To fulfill the need for an educated workforce, young adults must obtain finances for postsecondary training; however, financial hurdles are the number one reason why students drop out of higher education (Ross, et al., 2012). Even if an individual is able to obtain higher education, debt levels can be burdensome. On average, students in the state of Iowa are graduating universities with nearly \$30,000 in debt, which ranks Iowa as the eighth highest state for student loan debt. (Cochran & Reed, 2015). The stress of this debt affects students entering the workforce and creates presenteeism issues.

Presenteeism issues occur when an employee is at work, but performing at suboptimal levels due to being distracted by personal issues and other concerns. A worker on average spends 28 hours on personal finances at work a month, costing an average of \$5,000 per employee per year in lost productivity. (Qian, 2013 and D'Abate & Eddy, 2007). Improving financial literacy will help result in a healthier workforce and improve company profits through increased productivity, retention, commitment, motivation, and morale, while decreasing healthcare costs and absenteeism (Bannon, et al., 2014).

Action

As CPA's, we are situated to help provide a solution by providing resources and expertise necessary to educate consumers on financial literacy. Educational efforts make a difference; studies have shown that 93% of employees improve financial behaviors after completing an educational workforce program (Financial Finesse, 2013). There are

numerous opportunities to volunteer to help improve financial literacy statewide including the following:

- The Iowa Society of CPA's Financial Literacy Committee provides a financial literacy lesson to elementary to high-school aged classrooms statewide.
- The Job Foundation in Waterloo mentors and facilitates lessons to teach youth financial and life skills.
- The Financial Capability Network coaches families to build financial knowledge and skills.
- Junior Achievement has K-12th programs that foster work-readiness, entrepreneurship and financial literacy skills.

I challenge you to find or create an opportunity to help others with financial literacy. Working together to increase financial literacy in our communities builds better workforces and benefits us all.