

BUILDING PARTNERSHIPS TO INCREASE RETIREMENT PLANNING

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A major part of securing a person's financial future is planning for retirement. Financial planners and policy makers have raised concerns about the financial preparedness of these future retirees. Slow economic growth, a shift from job availability in the industrial sector to the service sector, changing pension plans, and decreasing employer paternalism all affect retirement planning. Yet, an overwhelming majority of Americans neither prepares nor saves and invests adequately for retirement and old age.

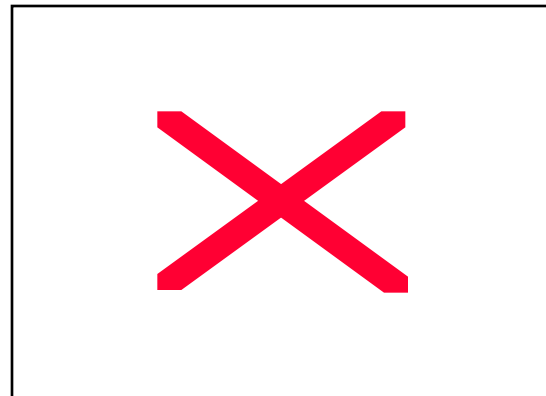
Clearly, Americans must be given financial education earlier in their lives rather than later. Retirement education makes good economic sense for people in their 20s and 30s who are near the beginning of their work lives. Employers need to tap the expertise of financial planners to help them assume a stronger role in providing personal financial education to all workers.

The financial illiteracy of employees is a workplace issue that has not been sufficiently addressed. This illiteracy results in poor financial behaviors such as not contributing to, or, worse, even withdrawing funds prematurely from a pension plan. Financial education should be offered to full-time, part-time, and contingent employees as part of workplace benefits package. Garman proposes Personal Finance Employee Education (www.chre.vt.edu/pfee) for workers.

A key to financial independence in retirement may very well involve a partnership between schools, employers, and the government (see Figure 1). Their combined efforts to provide financial education could result in more and better opportunities for

people to develop sound lifelong financial planning. Experts from industry, education, extension, and research need to interact more and share successes in fostering and advocating retirement planning. This is partnering, and it should include those pictured in the triad in Figure 1, as well as other partners. The goal is to facilitate more efforts to help Americans successfully plan their retirements.

Clearly, there is no one source of information for people to learn about retirement planning. Similarly, there are multiple opportunities during life when the teachable moments exist for people to learn about and take actions to plan for and create a successful retirement. It is foolhardy for any one societal institution, such as secondary schools, colleges, or employers, to believe that it alone can solve people's retirement education needs. The partnering of resources is crucial to genuine success, both for society as a whole and for individuals in particular.



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Figure 1. A Partnership for Increasing Retirement Planning*

* Junk, V. W., Fox, L. K., Einerson, M., & Taff, L. K. (1997). Preretirees' Perception of Retirement Income. Journal of Financial Counseling and Planning, 8(2), 41-55.