How Resourceful Employees Build and Preserve Wealth at Work

IN OUR REACH

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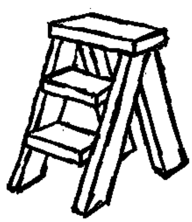
To Michelle, my best friend and soulmate. She encouraged me to start this project, walked with me step-for-step, and gave me the strength to finish.

And to Bob Love, a selfless hero and unwavering ally. He embodied the spirit of leaders that go the distance to help employees at all levels succeed.



INTRODUCTION

WE DON'T NEED TO WALK ALONE

We're all instinctive dreamers leading full lives. We can't reliably predict the future, but possess the ability to imagine and shape it. In our efforts to build and preserve wealth, we are compelled to make assumptions, take risks, and do our best with the resources that are in our reach. Although our journeys are separate and unique, we do not need to walk alone.

According to the U.S. Department of Labor, nearly 159 million Americans derived part or all of their economic vitality in February 2020 by working as employees.[1] In exchange for full-time or part-time employment, their employers paid them and frequently provided valuable perks. Coupled with other helpful resources in the public domain, the vast majority of these people should have been in solid financial shape.

Unfortunately, that wasn't true. In an era characterized by low unemployment, 4-in-10 were "usually" or "always" living paycheck-to-paycheck.[2] In a period of abundance, roughly the same numbers confessed that they would have needed to borrow money or sell something to pay an unexpected $400

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[1] Bureau of Labor Statistics News Release, "The Employment Situation – February 2020," News Release (Washington, DC, U.S. Department of Labor, 2020, Summary Table A).

[2] CareerBuilder Press Release, "Living Paycheck to Paycheck is a Way of Life for Majority of U.S. Workers, According to New CareerBuilder Survey" (Chicago and Atlanta, CareerBuilder, 2017).

bill.[3] And in the information age, most were baffled by basic financial planning concepts.[4] The Great Recession officially ended years earlier, but many continued to exhibit the telltale signs of financial dysfunction: drained savings, unpaid bills, soaring debt, stolen identities, strained relationships, and stress-related illnesses.

If they couldn't keep their heads above water in a vibrant economy, how did they expect to thrive during any type of significant financial crisis? Well, in March 2020, the Coronavirus pandemic struck and tens of millions of people found out.

I wasn't born into wealth, and I'm not a YouTube star, real estate mogul, or bitcoin billionaire. I'm a proud worker bee who's spent most of the past 25 years earning my living by helping organizations manage their benefit plans and by delivering award-winning workplace financial education services.[5]

Given the vital nature of these programs to both employers and employees, I've been compelled to develop a broad based and multidisciplinary understanding of financial planning. Throughout my career, I have: held various insurance licenses and securities registrations; scrutinized countless vendors, products and services; studied many aspects of personal finance that are relevant to the diverse population that I serve; developed a robust curriculum of financial planning workshops; advised hundreds of employers; and earned the respected Certified Employee Benefits Specialist (CEBS) designation from

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[3] Board of Governors of the Federal Reserve System, "Report on the Economic Well-Being of U.S. Households in 2019" (Washington, DC, Federal Reserve Board, 2020, pgs. 2,3).

[4] Madeline Farber, "Nearly Two-Thirds of Americans Can't Pass a Basic Test of Financial Literacy" (July 12, 2016, Fortune, Web, www.forbes.com, December 29, 2020).

[5] Tony Verheyen, "Richfield's financial readiness services help client earn 'Best of Show' from Profit Sharing/401(k) Council of America" (Elm Grove, WI, The Richfield Companies, October 4, 2007).

the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania.

And since 2006, I have personally shown tens of thousands of employees how to make the most of the resources in their reach. Over 98% of those that attended my seminars and submitted feedback surveys rated my content and delivery as “excellent” or “good.” Many offered written comments like “I wish this had been presented 25 years ago,” “This has been a huge help and much appreciated,” and “I loved the unbiased comments,” and some hugged me. But a small number mocked me, yelled at me for delivering hidden pay cuts, and accused me of contributing to the Great Recession. No worries: that’s the nature of this topic.

Along the way, I’ve presented my thoughts to students in university classrooms, organizational leaders in boardrooms, plan managers at industry conferences, regulators from federal agencies, and movers-and-shakers on Capitol Hill and in the White House. Most recently, as the Executive Director for the Plan Sponsor Council of America and a representative of the Save Our Savings Coalition, I helped staff members from the U.S. House Ways & Means Committee and the U.S. Senate realize the impact of tax policy on participants in workplace retirement plans.[6]

I generally champion the free enterprise approach to improving financial wellbeing, but the gradual transfer of liabilities from employers to employees is endangering some of the people that I help. As growing numbers of organizations shed 20th Century human capital constraints such as permanent full-time workforces, retirement pension plans, retiree medical benefits, and affordable health care, it’s becoming clear that the onus to prepare for an uncertain future is shifting to individuals and families that won’t be ready.

[6] Plan Sponsor Council of America, “Employee Benefits & Workplace Retirement Programs” (presentation, Save Our Savings Coalition, Washington, DC, May, 2017).

Many policymakers, academics, and industry leaders think that the lack of financial preparedness exhibited by people that are struggling is driven by financial illiteracy. They conclude that such individuals, many of whom are or will be in the workforce, can't or won't take the right steps, and must be nudged or shoved into prescribed behaviors. Their proposed solutions often include mandatory coursework in primary and secondary schools, involuntary enrollment in one-size-fits-all programs, and penalties for non-compliance.

I have a different take. Although I agree that many people struggle to understand financial concepts, jargon, and legalese, I don't perceive those that I meet during my workplace interactions to be "illiterate;" a pejorative label that isn't much different than calling them "ignorant" or "uneducated."

Based on my personal experience helping employees at all levels, most adults that want to build and preserve wealth are capable of doing it. Unfortunately, many of them haven't awakened to the precarious nature of life in the 21st Century. They're preoccupied with their busy lives, impeded by rosy time's-on-my-side assumptions, and derailed by zombie-like tendencies. And, ironically, they're walking the same worn path, albeit unconscious and alone.

It doesn't need to be this way, at least for people that work for organizations that provide competitive pay, training, benefits, and other perks. I am confident that they can succeed if they adopt conscious approaches to financial wellbeing, strengthen four core financial mindsets, and maintain unrelenting devotions to achieving doable financial goals.

In my opinion, most just need a simple framework for sustainable results; the equivalent of a financial stepladder.

In Our Reach gives you insights into what some of your resourceful peers are doing, and it puts those same strategies in your reach. It offers practical steps that can lead to quick and noticeable improvements, and it teaches you enduring concepts that'll prepare you for circumstances that are too big or too complex for easy-button solutions.

The book consists of two general sections that serve as bookends to four topical sections.

- *Section I: A Conscious Approach.* The vast majority of employees that I encounter don't work with financial advisors. By choice or by default, they manage most or all aspects of their personal finances on their own. This might be necessary and practical, but it exposes them to avoidable missteps, missed opportunities, and frustration. To get you rolling, I identify three attributes that drive financial outcomes that I observe among those that I help, and I share a simple framework to make your efforts easier.
- *Section II: A Saving Mindset.* Few achievements in personal finance create as much satisfaction and peace-of-mind as securing solid income and adequate savings. Strengths in these areas can overcome weaknesses elsewhere. In this section, I call you to take steps to increase your workplace earnings, improve your spending habits, and save for your liquidity needs.
- *Section III: A Borrowing Mindset.* No aspect of personal finance draws more interest or debate among employees than borrowing. The money gurus notoriously warn of its perils, but properly leveraging credit and debt can lead to wealth building opportunities that might otherwise be unattainable. Here, I offer ideas and techniques to improve your utilization of these tools.
- *Section IV: An Investing Mindset.* Ready or not, the necessity to invest for critical long-term goals is shifting to employees. In this section, I explain concepts and strategies related to common investing objectives: funding future post-secondary education; paying for future health-related expenses; and having adequate future retirement income.
- *Section V: A Protecting Mindset.* Employees and their loved ones are vulnerable to all types of threats, but finding the right protection isn't easy. In this part of the book, I'll share insights and strategies that'll help you improve your ability to use insurance to manage risks associated with typical aspects of life.
- *Section VI: An Unrelenting Devotion.* Whether employees go-it-alone or engage financial advisors, results matter and maintaining an unrelenting devotion to moving forward is crucial. To close, I urge you to occasionally verify that you're heading in the right direction, and to formally search for the right professionals if you're not.

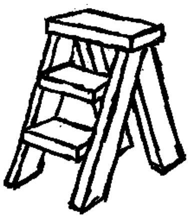
To get the most from *In Our Reach*, I suggest that you read Section I and complete the recommended activities. Then, return to the table of contents and prioritize your reading based on the mindsets that you want to improve. And read Section VI once you're moving forward.

Also, I want you to generate and maintain as much momentum as possible, and encourage you to keep a journal or smart device nearby so that you can immediately convert ideas to actions. However, I implore you to avoid writing or inserting sensitive information in the book because I don't want your efforts to backfire if your copy lands in the wrong hands.

Finally, I'm eager to continue the dialogue with you, and will strive to provide you with more insights, materials, and updates at www.inourreach.com.

SECTION I

A CONSCIOUS APPROACH



CHAPTER 1

SUCCESS BEGINS WITH A MINDSET

Imagine that you've arrived at your favorite meeting place for an introductory visit with a financial advisor. You've never met the person, but were encouraged to connect by a mutual friend who felt that it might be good for you. You don't know a lot about them and they presumably don't know much about you.

Wait! Scratch that…

During my 25-year career teaching and counselling employees, I've noticed that most don't work with financial advisors. By choice or default, they manage their household budgets, save for future consumption, sign complex lending agreements, and make investment and insurance decisions without professional help. They are, in part or whole, *DIY financial planners.*

Since that might be you, it'll help to flip the script.

Let's instead picture you as the financial advisor meeting with a potential client for the first time. Other than hearsay volunteered by your friend, you're starting from scratch. Before you can help the individual, you need them to reveal who they are, what's important to them, where they are in life, and where they hope to go.

As they open up, you acquire basic information, such as their age, family situation, employment status, income, and debts. You also gain deeper insights. Perhaps you discover that they're the epitome of financial fitness, or you spot unhealthy tendencies that completely undermine their efforts. Or you learn that they're somewhere in between. Regardless, you have a better understanding of the path that they're on, and the future that they envision for themselves and those they cherish.

Ok, now step back.

So, who's the client here? *You are*. And who's the financial advisor? *You are*. Since you're acting in both roles, it's vital for you to recognize three key *DIY financial planner* attributes as you move forward.

Your Mindsets

Dabo Swinney, the Head Football Coach for Clemson University, was interviewed on the field a few minutes after his team won the 2018 NCAA Division I National Championship. In response to a reporter's questions about his team's victory, he talked about the year of preparation that led to it and referred to the key ingredient in any long-term endeavor: a mindset.

Mindsets aren't just the rah-rah platitudes of coaches, leaders, and motivational speakers; they're real. Based on my work with *DIY financial planners*, they account for peoples' financial behaviors and habits, and are the bedrock upon which they build and preserve wealth. And, in a way, they're similar to jigsaw puzzles.

The inside puzzle pieces are collections of statements and opinions that people regard as true or false, and they're shaped by lessons learned throughout life. In personal finance, I find that the relevant ones stem from: education, like parents that teach their kids that "money can't buy happiness;" observations, such as individuals that reject long-term planning because they watched loved ones fail after doing all of the right things; and experiences, like victims of identity theft that go to extremes to protect their personal information.

The border pieces are ways of thinking and acting that reflect outlooks for the future, and they ultimately cause mindsets to be strong, weak, or conflicted. Here, some of the people that I encounter possess can-do attitudes. They use phrases like "I'll do whatever it takes" or "Let's do this now" when they like what they hear. Others are constrained by self-defeating can't-do attitudes and are predisposed to sabotaging themselves. As the following example illustrates, the former are often more likely to do what's necessary…

> *During a legacy-planning workshop, a dozen employees agreed that dying without their Last Will & Testament would most likely hurt the people that they loved. But when I asked how many had previously created one, only a few admitted that they had.*
>
> *I replied, "Well, I have good news! For those of you that don't have them, your employer has hired a reputable law firm to provide each of you with a Will. It's free, confidential, and 100% yours."*
>
> *The attendees that had already completed it on their own openly griped. Those that hadn't were visibly pleased. I spent a few minutes explaining the benefit and showing them how to begin, and then offered to help them take the first step. One jumped at the chance (and had a Will within a week), but the rest never acted.*
>
> *Months later, the Benefits Manager and I wondered what kept the others from taking advantage of the new benefit, and decided to ask each of them individually. The responses were variations of "It's not worth it," "It won't matter anyway," or "I don't have time to think about it."*

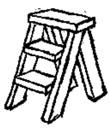
For better or worse, mindsets aren't permanent and must be cultivated. Sometimes weak ones can be improved with simple exercises. Other times, strong ones can be dislodged by traumatic events like divorces, illnesses, and unemployment, and restoring them requires considerable effort. In the case of the latter, I know firsthand how fast they can change…

> *In August 2005, I started a business to help employers manage their workplace benefit plans and provide their employees with unbiased financial education. It took a year to create the services, and I was excited to go "live" with them in September 2006. But three days into the product rollout, two work-companions and I witnessed a mur-*

der in Aurora, Colorado. Other than the victim, nobody else was physically hurt.

I thought I was unaffected, but something inside me snapped a few weeks later; it was as if a muscle tore somewhere in my body. In an instant, I abandoned lifelong beliefs about restraint and thrift, and adopted a new mantra: "life's too short to have regret and too long to have regret, so live it the way you want to now." It felt like a positive response to a despicable tragedy, but it wasn't. I stopped caring about my financial future, and it took me a year to get back on track.

Given the interconnected relationship between peoples' evolving beliefs and attitudes, and the fractured nature of personal finance, I don't see that a single guiding mindset (e.g., "millionaire mindset", "abundance mindset", "profit mindset") is practical for those that I help. But like the rails of a stepladder, there are four distinct ones that I regularly observe among those that I serve: saving, borrowing, investing, and protecting.



Your Approach

In addition to mindsets, peoples' approaches to the countless financial scenarios that they encounter throughout their lives are important. Two aspects of this attribute are very relevant.

Life Stages

Like innings of a ballgame, chapters of a book, or acts of a play, *life stages* are distinct and common phases that people experience during their journeys from the cradle to the grave. Some commence with celebrated milestones and others follow shocking setbacks, but most can be characterized by typical needs and circumstances that correspond with progressions in age.

Many of the people that I help view their lives in several sequential stages that begin with their first real jobs, military service, or other non-career experiences. Next, they marry, buy homes, and try for kids, and those events often occur in their 20s and 30s. Assuming that all goes well, they advance in their occupations and prepare their children for adulthood. That ushers them into their 40s or 50s. From there, their focus shifts to reimagining their futures and preparing for whatever comes after they stop working for a living. By the time they reach their 60s or 70s, they're ready to retire and take steps to prolong their quality of life, maintain their health, and create their legacies.

Alternatively, some people prefer uncomplicated successions. The most common example are those that distinguish between pre-retirement stages whereby they accumulate wealth and post-retirement stages where they spend it; two halves divided by one transition. And others choose less traditional models whereby they remain single, get divorced (and maybe remarry), raise kids in single-parent or blended families, exit and reenter the job market for countless reasons, or never officially retire.

The concept of life stages is useful in personal finance. First, it provides perspective about the here and now. Second, it offers a sense of what might be on the horizon. And third, it sheds light on what others are doing. Ultimately, it helps *DIY financial planners* assess, plan, act, and adjust.

Situation Management

I find that most employees understand life stages, but few are aware of the impact of situation management on their efforts to get ahead. Here's an exchange that often occurs during my conversations with them:

Employee: *It was a bad decision. Can you help me?*
Me: *I think so. But can you tell me why you did it?*
Employee: *Honestly, I don't know what I was thinking…*

Situation management seldom receives the attention that it deserves in personal finance. It's often swept aside, but it's essential to people's efforts to build and preserve wealth because it's the bridge that connects intentions and outcomes.

Following are some of the most common financial predispositions that I observe among the employees that I meet.

- *Bound or Unbound.* Some bind their financial goals and expectations to popular yardsticks and perceptions of what's required. A typical example are people that adhere to strict household budgets until they accumulate desired amounts in their emergency savings accounts. Others refuse to tie themselves to any metrics or guideposts.
- *Conformist or Contrarian.* Some follow the herd. They act on what they see or hear others do, such as selecting the same investments or hiring the same financial advisors as their friends. Contrarians are inclined to do the opposite of what they see others doing.
- *Emotional or Logical.* Some admit to acting on emotion. While it can feel good and satisfy deeper psychological needs, it can also create problems. Typical examples that I observe are married couples that embark on big spending sprees as they attempt to rekindle their faltering relationships, and employees that convert their long-term retirement investments to cash based on unverified information and irrational fears. Other people are logical to extremes.
- *Reflective or Impulsive.* Some think that it's foolish to act without engaging in thorough reflection. Normally, that isn't bad, but it often kills their momentum and leads to procrastination. I witness this several times a year when employees take too long to choose their benefits during their workplace open enrollments and miss the chance to sign up. Conversely, others engage in knee-jerk reactions that can be equally harmful.

These tendencies aren't to be judged because there are times and places for each, and none necessarily guarantee success or failure. But they affect outcomes, and it's clear to me that many people aren't conscious of them when they confront financial opportunities and challenges.

Your Resources

In terms of the scope, quantity, and quality of resources, there's never been a better time for employees to be *DIY financial planners*. They're surrounded by institutions and professionals (or *financial partners*) that have the potential to give them most or all of what they need.

At work, employers with more than a handful of employees often provide assortments of wealth building and preserving resources. They have considerable leeway in the design and administration of their programs, and usually hire vendors to support their efforts. And though they're driven by degrees of self-interest, they increase the options available to eligible employees.

Beyond work, other organizations offer valuable resources. Government agencies act as watchdogs, regulators, enforcers, and educators, and are renowned for the backstop safety nets that they manage and fund, like Social Security, Medicare, and Unemployment Insurance. Non-profit groups supply free and low-cost information, education, counselling, and assistance. And, personal service providers sell products and solutions that can fill most of the remaining gaps.

However, the abundance of resources gives some people headaches, and they struggle to leverage them. To add insult to injury, the products, services, and rules: frequently change; periodically overlap or conflict with each other; and aren't always in consumers' best interests. This inevitably leads to workplace interactions like this…

> *While teaching a group of employees about a caregiving tool that their employer introduced a few years earlier, an attendee interrupts me. She's very agitated and says "Wait. Are you serious? This could've helped me with my mom!"*
>
> *Her statement is followed by a brief pause as her coworkers and I process her comment. Then another attendee chimes in "Yeah, I had no idea we had this either. But to be honest, I'm still not sure that I know what it does."*
>
> *The second admission creates a buzz and a handful of people let the two know that they've been missing out. One individual responds "Guys, HR rolled this out to us 3 or 4 years ago, and I'm pretty sure they talk about it every year during annual enrollment." Another says,*

"I don't want you to feel bad, but I used this for my 82-year-old mom last year and it was a life saver."

The exchange is followed by an awkward silence. At least one person feels very disappointed, and everyone in the room realizes that they don't talk to each other enough.

Some of the people that I help are understandably overwhelmed, but the resourceful ones revel in their good fortunes. By instinct or training, I find that they do two things that their peers typically don't (or don't do often enough):

- ✓ *They take control*. This requires dedication. It includes identifying available resources, assessing their relative value, confirming the ability to use them, and learning how to properly activate them.
- ✓ *They demand more*. This takes backbone. It includes engaging financial partners, pushing them to do more, scrutinizing their recommendations, and holding them accountable for desired results.

Resourceful employees concentrate on getting as much value as possible from whatever's in their reach and on filling gaps where they exist. That's because they know that they're serving the interests of the most important clients in the world: themselves and those that they cherish.

NOW IT'S YOUR TURN
Address mental health issues that cause weak or conflicted mindsets

If depression, addiction, or exposure to trauma are undermining your efforts to build and preserve wealth, take 15 minutes now to identify and engage mental health care professionals. This is critical to the rest of your journey, and you might find that they're in your reach via current financial partners for little or no cost.