



OVER EXTENDED

A Special Report on the
Business Cost of Financial Stress

Dave Ramsey's

Financial *Peace*
WORKPLACE EDITION

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The Perfect Storm

Dr. Steven M. Kleiner, a psychiatrist trained at Cornell and Harvard, called the February, 2009 economic climate “a perfect storm for stress, anxiety, even panic.” Workers faced potential cutbacks and sudden layoffs, and doing a good job didn’t make any difference. “Employees are walking around zombie-like, wondering if they will be next.”

Their Debt, Your Problem

Cambridge Human Resources Group called the financial illiteracy of workers “the most critical unaddressed workplace issue” of our time even before the downturn of 2008–2009. “It’s their debt, but it’s [the company’s] problem,” warned Dr. E. Thomas Garman, the recognized leader in research into the impact of financial stress in the workplace.

Poison in the Workplace

In *Workforce*, Dr. Garman compared financially stressed workers to “a poison poured on the floor of the workplace.” Those who show up make more personal calls, send more personal faxes, talk about personal issues longer, and waste about 20 hours a month dealing with money problems.

The American Psychological Association estimated that stress in the workplace costs American businesses \$300 billion a year in reduced productivity, unnecessary turnover and increased medical expense. A Commerce Clearing House Unscheduled Absence Survey estimated that unscheduled absenteeism alone can increase direct payroll costs at the largest employers by as much as \$760,000 per year on average.

How many credit cards do we have?

(The number of general purpose credit cards in circulation issued by major banks in 2008)

Chase.....	119.4 million	American Express	46.5 million
CitiBank.....	92 million	Capital One	46.3 million
Bank of America	80.2 million	HSBC	38.8 million
Discover.....	48 million		

Financial Literacy Pays

Dr. Susan Jenkins of Idaho State University says, “Even a small increase in an employee’s financial security can add significantly to [the] bottom line.” Dr. Garman tells employers they “can expect \$450 in positive job outcomes from each employee who slightly increases his or her financial behaviors and financial well-being.”

The Federal Reserve acknowledged that financially literate workers make better decisions, leading to fewer absences and greater job satisfaction. Companies experience lower expenses and increased performance. And stable employees are more likely to participate in qualified benefit plans, decreasing the chances that such plans will become top-heavy and disqualified for tax benefits.

Stress Destroys Relationships

Stress is an acid that tears at the fiber of all human relationships. It destroys families, occupies the mind, misdirects attention, shifts focus, and reduces the ability to perform. Endorphins—nature’s painkillers—are released, dulling the ability to think and feel, causing a narrowing of attention, a distracting preoccupation, and an unnatural fatigue. This is a recipe for disaster at the loading dock or on the factory floor.

“Workers waste about 20 hours a month dealing with money problems.”

Loser’s Scorecard

Harris Interactive’s 2009 Consumer Financial Literacy Survey produced shocking statistics: 42% of American adults don’t follow a budget; 26% don’t pay all of their bills on time; 32% have no savings; 29% can only handle emergencies by using a credit card; 33% haven’t allocated anything for retirement; and 41% gave themselves grades of C, D, or F on their knowledge of personal finance.

Dying Dreams

A Zogby International poll for The Marlin Company revealed that more than half of U.S. workers say the American Dream is unattainable. Pew Research Center found that fewer Americans think they’re moving forward in life than at any point in the past 50 years. Nearly one-third think they’re moving backward. An Associated Press-AOL Health Poll noted that as many as 16 million Americans suffer with ulcers, severe depression, and twice the rate of heart attacks, all due to nagging debt.



Crisis of Confidence

According to the Employee Benefit Research Institute's 2009 Retirement Confidence survey, the number of workers who believe they will be able to retire comfortably has hit its lowest level, 13%. A record 72% feel the need to work after retirement. Only 44% have actually tried to figure out how much they will need by the time they retire.

Collateral Damage

Bloomberg.com called the 2009 climate "the biggest credit crisis in seven decades." The Center for Responsible Lending (CRL) noted

that 829,000 homes were foreclosed on during the first four months of 2009. The spillover cost—the value nearby homeowners will lose because of a foreclosure—could exceed \$439 billion in 2009. According to Zillow.com, in April of 2009 more than one in five homeowners owed more on their mortgages than their homes were worth.

Cutbacks and Layoffs

Also in April of 2009, unemployment was at 8.5%, the highest in a quarter-century. The jobless ranks passed 13 million. The average work week dropped to 33.2 hours, a record low. Nearly a quarter of the unemployed had been out of work for six months or more, the highest number since the 1981–82 recession. The number of people having to work part time rose to nine million.

“**48%** of workers admitted that stress affects how they perform at work.”

“72% feel the need to work after retirement. Only 44% have actually tried to figure out how much they will need by the time they retire.”

The Sharks Are Circling

By the end of 2008, Americans were carrying \$2.97 trillion in consumer debt. According to the Federal Reserve, more than \$961 billion of that amount was on credit cards. Frontline calls credit card companies “the new loan sharks in America.” Harvard Professor Elizabeth Warren calls them “the only merchants that can change the price after you have bought the service.”

Payday, car title, tax refund and overdraft loans bring misery to millions. The CRL says that a typical payday borrower pays 400% interest. Car title lenders also charge triple-digit interest. Tax refund anticipation loans carry an APR ranging from 80 to 1,200%. Banks routinely cover overdrafts without permission, collecting \$17.5 billion a year in hidden interest, which they call “fees” to keep from having to report them.

Workers Want Help

Anxiety over troublesome issues in our struggling economy is taking its toll on workplace productivity. In a survey by Workplace Options, 48% of workers admitted that stress affects how they perform at work. Fully 39% thought it was important for employers to offer financial education, and 57% said they would take advantage if it were offered.

78% of American households have one or more credit cards.

51% of individual Americans have at least two credit cards.

\$2,563 trillion is the total non-mortgage debt owed by American consumers. (Federal Reserve Statistical release, May 2009)

\$973 billion is owed on credit cards. (Nilson Report, April 2009 - CreditCard.com)

\$10,637 is the average outstanding credit card debt for families with at least one card. (Nilson Report, April 2009 - CreditCard.com)

Dave Has the Answer

The solution is on-site, easily accessible financial education classes. Financial literacy leads to sound decisions and greatly reduces stress, making the whole environment healthier, happier and more productive. Dave Ramsey's *Financial Peace Workplace Edition* is a proven program that comes to your workplace and helps your team members get control of their finances and arrive at work energized instead of frustrated.

Team Members and Team Leaders Love Dave

Team members have had nothing but praise for Dave's course. One said the program "has put us on an exciting path to building wealth, and the peace that comes with that is priceless." One employer reported that "employees became more conscientious, more resourceful and less wasteful. They are more productive, healthier, feel more empowered and are more fiscally responsible."

Financial Peace Gets Results

In 2008, the Personal Finance Employee Education Foundation (PFEEF) studied McLeod Health, which uses Dave Ramsey's program. Using its ROI formula, PFEEF found that "even after costs are subtracted, there

will be \$6.59 return in net benefits for every \$1 dollar invested in the Dave Ramsey program." This extraordinary result is a strong indication that others can achieve at least the 3:1 return experts have suggested.

Financial Peace a "Best Provider"

PFEEF has now designated Dave Ramsey's *Financial Peace Workplace Edition* as a "Best Provider" of financial education because of its "well-established history of providing a financial education program that genuinely helps employees improve their personal financial behaviors and lower their financial distress."

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Lead Your Team to Success!

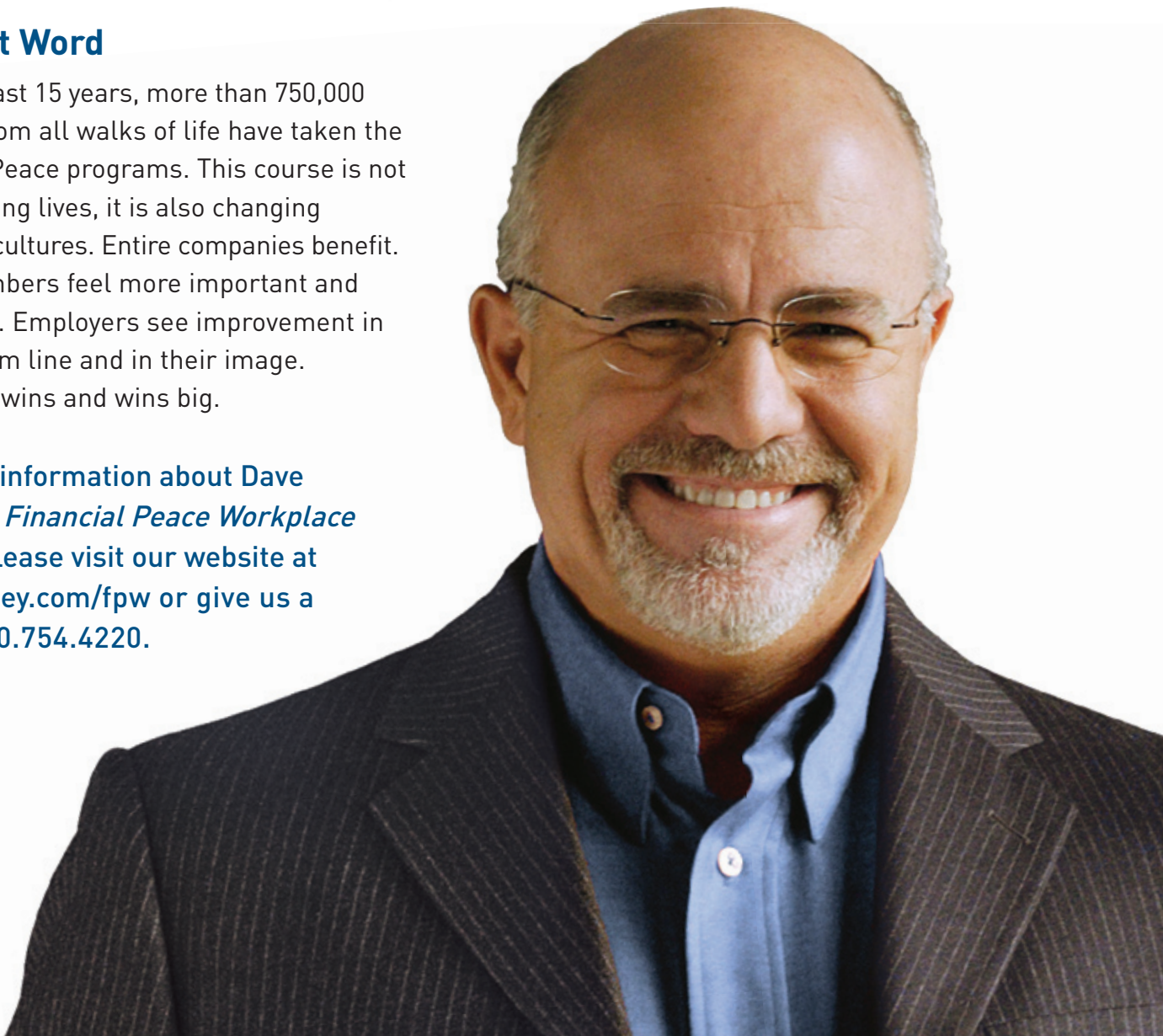
A survey of more than 10,000 people who finished *Financial Peace Workplace Edition* provided the following results:

- 89% were using a written budget to manage their money in the future.
- 91% felt more confident about their financial futures.
- 94% stated *Financial Peace Workplace Edition* had been beneficial to them.
- 95% were establishing an emergency fund (3–6 months of expenses).
- 98% recommended *Financial Peace Workplace Edition* to fellow employees!

The Last Word

Over the past 15 years, more than 750,000 families from all walks of life have taken the Financial Peace programs. This course is not just changing lives, it is also changing corporate cultures. Entire companies benefit. Team members feel more important and more loyal. Employers see improvement in their bottom line and in their image. Everybody wins and wins big.

For more information about Dave Ramsey's *Financial Peace Workplace Edition*, please visit our website at daveramsey.com/fpw or give us a call at 800.754.4220.





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