

# Educated Investor Brings Big Deposit Gains to Mountain America

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WEST JORDAN, Utah — Is better employee training the key to attracting new deposits?

Mountain America Credit Union thinks so. The \$2.2 billion, 247,000-member institution tried a new employee education program that helped it more than double the amount of new IRA and term deposits opened during the first four months of 2007.

As of April 30, 2007, Mountain America had opened 2,669 new IRA accounts for \$26.1 million in new money, which is a 92 percent increase over last year's gains during that time period. It also opened a whopping 16,386 new term accounts, up 125 percent over the first four months of 2006.

How? Vice President of Investments Matthew Clark credits the Educated Investor online training course, offered by Chicago-based Precision Information.

About 90 percent of Mountain America's front line staff, 420 employees, completed the customized course in December 2006.

It's important to note that the course alone didn't produce the deposit gain. Mountain America also invested major resources in a credit union-wide promotion entitled Build Your Retirement, an in-house produced marketing campaign that played on a construction theme and included support materials that thematically arrived at branches in crates.

Clark himself starred in a launch video that spoofed the popular 1990s Tim Allen television series *Home Improvement*. Because Mountain America operates 48 branches in four states, a well-defined, well-organized promotional effort was a must.

"Our branch managers have to wear a lot of hats, so we tried to package a meeting in a box. All they had to do was open it and put in the DVD," Clark said.

Employees were offered increased incentive payouts for qualified investment referrals, and also participated in contests and other activities to keep the promotion fun.

Construction-themed flair initiated member interest and often started the conversation rolling. Employees were also provided with cue cards to reinforce the educational effort.

Incentive payouts for qualified investment referrals were increased during the campaign, and contests and fun activities kept employees engaged the full four months.

In fact, Mountain America put together an extremely well planned promotion that most credit unions would let stand on its own.

So why add an educational component to the mix? To ensure the campaign's effectiveness, Clark said.

Educated Investor operates on the premise that an educated employee is more likely to identify cues and

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initiate a sales effort than an employee who doesn't understand product features and benefits, said Joe Saari, Precision Information CEO.

"If you look at your average credit union, more than half of the staff is on the front line. Those jobs tend to have high turnover rates, and in those positions, credit unions are hiring out of the overall employee pool, which is the general public. We know that less than five percent of all Americans have had at least one semester of financial education, and unless someone in your family is a credit union manager or investment banker, it's

not the sort of thing most people learn," Saari said.

And the young entrepreneur has numbers to back up those claims. The program involves an employee pre-test, and during beta testing, 2,200 employees were tested from about a dozen different credit unions on a variety of financial services. Although credit union employees were more knowledgeable than average Americans regarding loans, overall they only answered 55 percent of all questions correctly, which is only slightly higher than the general public.

Even Mountain America, which devotes considerable resources to employee training, and has even been voted one of Utah's top employers, produced pre-test scores of only around 60 percent.

"With deregulation, credit unions have a much broader product pool than before, and while the average credit union employee understands share drafts, certificates and auto loans, most front line staff have never bought a home, so they don't know anything about mortgage programs. And many aren't saving for retirement. They don't truly understand what an IRA is, why they would want one," Saari said.

It's merely a symptom of a greater social shift in the United States, he said.

Saari explained that in his grandfather's era, about 70 percent of workers could depend upon a company pension and social security to fund retirement. Today, that number is at 13 percent and falling.

And yet, financial education is not provided in schools or through other social channels.

Who can bridge that gap? Credit unions, Clark said.

"It's easy in credit unions when you have a member who makes a deposit of \$30,000 or \$100,000 to say, 'okay, they need to talk to someone in our investment department'. But the reality is, all Americans need to save for retirement. That's an area where credit unions don't do as well as we should. We need to do a better job of helping people who have less than \$30,000 to invest to help find a vehicle that will allow them to create a good nest egg for themselves," Clark said.

The course is completely customized for each client. Credit unions select from among 1,200 topics to develop a curriculum that best fits their goals. The selection process usually takes four to five hours, Saari said.

The educational experience itself is rather simple: employees read articles and answer multiple-choice questions upon completion. Built-in credit union branding creates a seamless educational experience for human resources.

More than 50 hours worth of coursework is divided into three categories: personal finance, investing basics, and retirement and wealth management. During beta testing earlier this

year, testers were asked which topics they felt were the most helpful, and they chose tax related topics, which Saari suspects was due to timing, as well as budget and debt management, loans and credit, and cash management.

While some clients use the program to meet credit union goals, others consider the program an employee benefit, educating employees so they can make better financial decisions for themselves and their families.

Clark said although Mountain America primarily had deposit goals and increased products per member

in mind when they selected the Educated Investor program, educating employees for their own benefit was important, too. Employees have since reported that the course helped them make better tax decisions this year, and helped them better explain IRA benefits and choices to family members.

Post-testing numbers show a significant increase in knowledge: a 16 percent gain in correct answers. And although Clark hasn't yet seen ROI numbers, he's confident the credit union's deposit gains will be well worth the price of the educational effort—not only this year, but for years to come.

"If we can get to the point where we're helping 20,000 or 50,000 members save between \$4,000 and \$6,000 a year, think of what that would do for our membership over a 20 to 30 year span, and think of what that would do for the credit union. Those retirement accounts become an annuity within themselves, providing both our members and the credit union with steady, compounding growth.

"And through developing relationships like that with our members, hopefully they'll think of Mountain America as being a lifetime provider of financial solutions, which a lot of credit unions struggle with. People think of us for savings rates and car loans, but we want them to come into our shop and receive guidance in all areas, regardless of life events," Clark said.

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