

Final Project

For: Dr. Tobin Lopes- Fall 2008

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Problem/Need Statement

The purpose of this section is to describe a training need. I will briefly outline the gap between desired and actual level of knowledge, and the circumstances that created it. I'll list the main topics at issue, and explain why I believe this gap is best addressed through training. Lastly, I'll identify the areas within the organization that can be called upon to provide support for the training.

The Knowledge Gap

I propose to create a training program for employees to educate them on basic investing principals, help them locate investor resources, and to assist them in developing their own financial plan. The program would include both an educational component and a "hands-on" workshop component. The desired outcome is that participants of the training will be able to competently and confidently create their own investing strategy, as well as monitor and adjust it over time.

There's old saying about cobbler's children who have no shoes. We in the financial industry have a similar type of problem. Many people who work in these companies, outside of the financial departments, often have no more information regarding their own investing life than does the average person. This is true at our firm also.

I've noted several reasons for this. First off, from a regulatory standpoint employees are considered to be part of the general investing public. There are stringent rules financial firms must follow when communicating with "the public."

The reasons for these rules are to protect people from inaccurate representations that might confuse, mislead, or omit material information. Due to potential conflicts of interest, there are particular restrictions against giving out information which could be construed as *advice* or a *recommendation*. Often, it's easier to say nothing at all than to incur the inconvenience, legal risk, and expense of creating suitable information specifically for employees.

From a practical standpoint, workers at non-financial companies frequently get more investing guidance than do people within the industry. Additionally, it's assumed (often incorrectly) that people who are in financial firms glean some useful knowledge through their work. There are large groups of people in business units that are far removed from the investment activities of the company. Examples include departments such as human resources, marketing, and information technology.

Finally, educating employees directly runs contrary to our particular business model. We believe that people are best served by establishing a relationship with a registered investment advisor—a professional who can appropriately guide someone based on their unique needs, goals, and financial resources. The difficulty is that investment advisors are paid through sales charge commissions, and our employees are exempt from paying sales charges. Few financial advisors want to work for free!

These circumstances create a current environment where employees often struggle to plan for their own financial futures, and are making investing

mistakes which can have significant negative long-term consequences, inhibiting achievement of their investing goals.

The population for the proposed training would include all employees, including those who are licensed through the Financial Industry Regulatory Authority (FINRA). This is significant, since many people assume licensure indicates a depth of knowledge regarding personal investing topics that may not actually be present. The training would not be suitable for employees with sales, portfolio management, fund accounting responsibilities.

Primary Knowledge Gap Topics

- Calculating retirement saving goals and target accumulations
- Determining how much to contribute to company-sponsored retirement plans
- Choosing between 401K, Roth 401K, Traditional IRA, and Roth IRA options
- Assessing tax implications of various investing strategies
- Determining asset allocation/diversification strategies that effectively balance risk and long-term growth potential
- Locating useful resources and calculators
- Making investment selections and monitoring performance over time
- Periodic rebalancing and reallocation of the portfolio
- Identifying and avoiding the biggest potential mistakes employee investors make

- Adjusting portfolios for major changes in financial situation (having children, inheritance, job changes, etc.)

Why a Training Intervention?

There have been several attempts to address this need by making written materials and websites available that are designed to assist individuals within the company. Employees report variously that they are unaware of these resources, or that they are unable to use them effectively. Additionally, there is no avenue for people to get answers to their own specific questions. Despite a large amount of online information available on the internet and in writing, many people want an opportunity to speak with someone directly.

This is consistent with a July 2008 survey by the Securities and Exchange Commission which found that only 16% of investors cited computers or the internet as their main source of investment information (full survey results available at <http://www.sec.gov/comments/s7-28-07/s72807-142-phone.pdf>). Over 51% cited an investment professional as their main information source. It seems when it comes to investing people are seeking personal contact. This is why I believe training will be the most effective intervention in this instance.

In 2007 we sponsored a presentation of “investment basics” that was very well attended. Presenters from the sales department discussed fundamental topics in investing. The attendee reaction was generally positive, but there were many comments stating the need for something more in-depth and specifically

tailored toward making investment decisions for the 401K. Overall, attendees felt the information was both too general in nature and too basic.

Support for the Idea of Employee Investment Training

There are several strong supporters of the proposed training. The walk-in customer services unit is charged with helping employees execute transactions in their own accounts. The manager of the area reports her representatives are frequently asked for investment advice they are neither authorized nor competent to administer. They would like education that addresses that need and reduces the number of inquiries coming to them.

Senior management in the Human Resources area has also voiced support for the idea of educating employees on basic investing topics. Human Resources administers the 401K program for employees. They have noted under-participation in the plan overall, as well as many accounts with positive balances that are invested solely in money-market mutual funds. This indicates there is a segment of the account holders that are unsure of how to invest their accounts. Maximizing the use of the 401K employee benefit is an important goal for the department.

Lastly, the Legal department has noted that, organizationally, we need to provide further education to our own employees on the investment programs and options available. We have a fiduciary responsibility to provide appropriate guidance and support to employees in the same way that a third-party retirement plan administrator has a responsibility to its own members.

In summary, I believe there is a training need to educate employees on core investing issues. There is adequate evidence and support for a training program that can bridge the gap between the existing and the desired knowledge levels.

Target Population Analysis

The purpose of this section is to explain the design and results of my performance analysis survey. Included is a description of my target population, information about how I selected my group sample, the questions I used, and their rationale. I will evaluate the survey results and describe how they would affect the training design. Lastly, I'll include a reflection the effectiveness of my survey and what sort of improvements would be helpful.

Target Population

My target group includes employees of the company who receive matching contributions to the 401K plan. All full-time employees in good standing with a year of service are eligible—something just over 2,500 people. I selected a subset of the group for purposes of my survey that included individuals from a variety of departments throughout the company. In an effort to get a mix of viewpoints, I invited people of different ages, genders, and lengths of service within the organization.

Question Analysis

I've listed each question I used in the survey here, along with my purpose for asking and a summary of the responses. In order to save space, detailed result graphs will be provided separately. All questions were presented in a Likert scale format, with only one answer possible unless otherwise indicated. In an effort to make participating as convenient as possible (hopefully increasing my response rate), I constructed the survey online and distributed a link to it via e-mail. You can see it by clicking the link below:

<http://www.zoomerang.com/Survey/survey.zgi?p=WEB228A2DVUPPX>

Question 1: Please rate your agreement with the following statements.

Scale: 1 – Strongly Disagree, 2 – Disagree, 3 – Unsure, 4 – Agree, 5 – Strongly agree

- I'm interested in learning more about personal finance
- Personal finance topics are relevant to me
- I'm confident I have or can learn the skills needed to successfully manage my own financial planning
- Managing my own investments gives me a sense of satisfaction

This question attempts to assess the subject's motivation (or lack thereof) for learning about this topic. I built the question using Keller's ARCS model of the different types of motivations learners may have for a given topic. Those motivations are: Attention, Relevance, Confidence, and Satisfaction. Responses

for all four questions were weighted toward “Agree” and “Strongly Agree” (92%, 100%, 75%, and 58% respectively). This indicates to me that people are strongly motivated to learn about these topics.

Question 2: Please rate your current knowledge of the following personal financial topics.

Scale: 1 - None, 2 – Very Little, 3 – Some, 4 – Above Average, 5 - Expert

- Calculating my retirement savings goals and target accumulations
- Determining how much to contribute to my company-sponsored retirement plan
- Choosing between 401K, Roth 401K, Traditional IRA, and Roth IRA options
- Assessing the tax implications of my investing strategy
- Determining asset allocation/diversification strategies that effectively balance risk and long-term growth potential
- Locating useful resources and calculators
- Making investment selections and monitoring performance over time
- Periodic rebalancing and reallocation of my portfolio
- Avoiding the biggest potential mistakes investors make
- Adjusting my portfolio in response to changes in financial situation (having children, receiving an inheritance, job changes, etc.)

This question allowed respondents to self-assess their level of prior knowledge and experience regarding the ten topics listed. Strong majorities of

people responded they had only “Very Little” or “Some” knowledge of the indicated areas. Research has shown that people tend to overestimate their own level of understanding when surveyed, so their actual knowledge of these topics is very possibly even lower than reported. These results suggest to me that education on the listed subjects would be both helpful and necessary.

Question 3: Please select the level of education that best describes you.

Select one:

- Some high school
- High school diploma or equivalent
- Some college or Associate’s degree
- College degree
- Some graduate courses
- Graduate degree

This question was designed to help to determine the education level of the target population. This will provide some indication of the types of learning experiences people are familiar with, and what level of instructional complexity is most appropriate. Results here were evenly split between “Some College” a “College Degree,” “Some Graduate School” and a “Graduate Degree.” I think that these responses show a target population that is well educated and who will likely be acquainted with a variety of instruction types. It doesn’t guarantee they’ll be completely comfortable in an academic setting, but at least they’ll be

familiar with it. The next question sought to reveal more about their learning preferences.

Question 4: Please choose the style of educational experience you would prefer for learning about personal finance topics. (Multiple-choice, one answer only)

- Lecture/presentation
- Classroom analysis and discussion of case studies
- Self-paced/online learning
- Studying books and articles
- Drill and practice on fundamental skills
- Working in small groups on problem-solving activities
- Watch a movie or instructional video

The purpose of this question is to ascertain the learning environment preferences of the target population. I think the responses correspond with both *effectiveness* and *convenience* for learners. Respondents reported they would prefer either “Self-paced/online learning” (42%) or “Classroom analysis and discussion of case studies” (25%). The design of instruction will need to incorporate one or both of these delivery modes to be successful. This may be a case where a hybrid approach (with an emphasis on self-paced or computer-based training) could be used.

Question 5: Please select ONE OR MORE statements below that describe your attitude toward personal finance. (Multiple-choice, multiple answer)

- If I had any money, I'm sure I would be more interested
- With all I have to worry about, financial issues aren't even on my radar
- I'm scared of the topic, or unsure about where to start
- I lay awake at night, worried about my future
- I know it's important, but I'm hoping it'll be okay
- I don't really have any kind of strategy
- I pay a professional to care about my finances
- My spouse is on top of it
- I look at my investments once or twice a year, but I'm not obsessive about it
- I'm interested in my finances...when I'm losing money!
- I watch the market every day to see what's up and take action if necessary
- I'm fascinated to learn more about investing, I watch the financial shows on TV
- I know everything I need to about financial issues
- I write books on this stuff

This question was designed to help identify the target population's attitude toward the content. Responses were clustered around the answers indicating a lower level of engagement with their finances and a moderate degree of anxiety about them. Fully a third of the respondents admitted to not having any strategy

for investing. The design of the training will need to include specific strategies for action; especially actions which will help participants feel more confident regarding their financial preparedness.

Question 6: Please rate your agreement with the following statements.

Scale: 1 – Strongly Disagree, 2 – Disagree, 3 – Unsure, 4 – Agree, 5 – Strongly Agree

- The company provides constructive and appropriate financial education for employees
- Senior leadership supports financial education for employees
- The training department provides effective and helpful financial education to employees

This question sought to uncover the perception of the target population toward the current efforts of training department and the organization. Interestingly, responses to these questions were clearly negative, with strong majorities rating each item between “Unsure” and “Strongly Disagree.” The training department received the most favorable response (41% answered “Agree” or better), but was still negative overall. This indicates to me that the target population feels that the company does a relatively poor job of providing and supporting financial education for employees. This confirms the hypothesis I put forth in my Problem Statement. The training design will need to help build

awareness of, and foster positive attitudes toward, the work that management is doing to assist employees in managing their finances.

Reflections and Overall Evaluation

This exercise yielded valuable insight about the target population of learners and the specific areas of content that most need attention. I'll use the data obtained through this survey during the remaining phases of design to tailor objectives, assessments, and delivery strategies for maximum benefit.

The survey data tells me the target group is highly motivated, has a relatively low understanding of the subject matter, but is otherwise well-educated overall. The group has pretty a pretty low level of confidence about the subject matter, and should respond well to a self-paced content delivery method that includes a face-to-face component.

If I were doing this survey for an "officially sanctioned" project, I think I would also include demographic questions that would tell me more about the individuals surveyed. That data would enable me to further investigate whether different business units, tenure levels, or job types within the company have unique needs.

Since filling out the survey was a personal request rather than a company project, my sample group was heavily tilted toward people I either work with regularly or who owe me favors. In total, less than 20 people responded. For an actual survey, I would need to use a much larger sample size in order to reduce the margin for error.

Written Objectives

Here are the primary and specific objectives for my proposed *Topics in Investing and Markets for Employees* (TIME) course. As the relevant audience is presumed to be “the learner” in all cases, I will omit it in the written statements.

Primary (Terminal) Objectives

- Use the provided calculators and classroom resources to determine estimated monetary needs during retirement. Needs must include cash flow requirements, projected health expenditures, insurance and other recurring costs, housing, and goals in retirement.
- Based on all current investment levels and projected returns, calculate the overage or shortfall to the estimated monetary needs at retirement.
- Based on the gap or overage determined, formulate an investment and savings plan to reach or exceed the estimated monetary need at retirement. Plan should achieve a satisfactory result 75% of the simulations when subjected to Monte Carlo analysis using the *Retirement Income Manager*^(TM) tool. (Monte Carlo analysis is a way of subjecting the financial choices to repeated trials based on chance—rather like rolling dice in a casino. The more trials used, the clearer the probability picture becomes.)

Specific (Performance) Objectives

1. Compile details for all current investments including balances, contribution amounts, account numbers, and investment types.
2. Categorize planned retirement expenditures as essential, desirable, or ideal (These terms will be defined for the learners).
3. Calculate the maximum monthly 401K contribution based on current salary level, projected bonus, and anticipated commissions (if any).
4. Order the available investments from lowest risk/potential for reward to greatest risk/potential for reward.
5. Analyze the five biggest mistakes investors make including psychological rationale and portfolio impacts.
6. Given 6%, and 8% average annual returns and a 27% tax bracket, compare the after-tax value and total contribution amounts of investments in both Traditional and Roth IRAs.
7. Using a provided model portfolio and investment goals, recommend rebalancing transactions that will realign the portfolio with the goals.

8. Summarize the following types of financial/investment risks: market, inflation, currency, diversification, interest rate, regulatory, legislative, liquidity, and credit.

Learning Assessments

In this section I will describe the general methods I'll use to assess the terminal learning objectives for the *Topics in Investing and Markets for Employees* training. I will specify why I selected each method, and describe how I'll use that particular method during the training. I'll also provide a fully written assessment for the second terminal objective, and explain how the methods I intend to use are an appropriate fit for the terminal objectives.

Since this is an elective class and learners are not required to attend, I'll be taking an approach that relies heavily on observation of the class activity so I can get a good sense of whether learning is taking place without placing participants under unwarranted performance pressure. As the instructor, I will be able to see whether learners are internalizing the information effectively. Since learners will opt-in to the class based on their desire to fill in their own self-assessed knowledge gaps I have chosen not to administer a pre-test.

Terminal Objective #1

Use the provided calculators and classroom resources to determine estimated monetary needs during retirement. Needs must include cash flow requirements,

projected health expenditures, insurance and other recurring costs, housing, and goals in retirement.

The assessment for this terminal objective will be for learners to create a budget that reflects each individual's anticipated needs at retirement age. Learners will complete a budget worksheet that provides a basic underlying structure for their calculations. Major expense categories will be provided, such as housing, utilities, transportation, food, clothing, insurance, medical, entertainment. Additional room will be provided for other expenses such as travel, savings, retirement goals, and charitable giving.

This assessment is closely aligned with the stated terminal objective, and will be a useful takeaway for the learners as well. The quality of the budgeting will depend upon the learner's ability to accurately use the calculators and resources provided in class. Participants will partner with one another and explain their completed budgets. This will give both me and their peer an opportunity to check each learner's figures, and to correct any mathematical errors that could hinder the learner in later class activities.

Terminal Objective #2

Based on all current investment levels and projected returns, calculate the overage or shortfall to the estimated monetary needs at retirement.

Assessment of this terminal objective involves checking the basic math involved in the calculation—that part is very straightforward, and I've planned it so almost all calculations can be done using online financial calculators. The second part of the assessment is an evaluation of the assumptions each learner

has selected in their calculations. I have devised a simple rubric to conduct that evaluation and provide individualized feedback to the learner. To understand the rubric, it will be useful to preview the process learners will follow during this portion of the course.

This is a multi-part calculation. First, each participant will total their anticipated monthly expenses as specified in the previous objective. The future value of the final expense amount will be calculated using an assumed inflation rate and a participant-selected retirement date. Next, participants will subtract from that monthly inflation-adjusted figure any anticipated monthly income from sources like social security and guaranteed pensions.

The annualized remainder represents the amount that will need to be provided for through savings and investment. Multiplying that annual “gap” between anticipated income and expenses over the duration of the expected span of years spent in retirement will yield a total amount that must be accumulated.

The final step of the process involves projecting the value of current investments and savings out to the specified retirement year. This step can be easily completed using readily available savings calculators. Here’s an example. <http://www.moneytoys.com/future-value-calculator.php>

The difference between the total amount to be accumulated and the projected value of current investments represents either an *overage* or *gap*. The assessment rubric mentioned earlier will judge the accuracy of the final result by comparing the learner assumptions with realistic historical averages. I will spend

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a few minutes with each learner to have them describe their calculations and thought process in arriving at their assumptions. Those will be mapped to the following rubric.

Learner Assumption	Best 3 Points	Good 2 Points	Needs Work 1 Point
Retirement date	Learner took into account full Social Security Retirement age as well as factoring in their current health situation and that of their parents to estimate a date	Learner selected full retirement age as specified by the Social Security Administration	Age selected is arbitrary or significantly (10 or more years) older or younger than full retirement age
Rate of inflation	Learner selected a conservative inflation figure (slightly higher than the historical average)	Learner selected the historical average	Learner selected a projected inflation figure far outside of the historical average
Anticipated monthly income	Anticipated monthly income based on projected Social Security benefits and vested income sources, take into account anticipated taxes, and includes a conservative reduction in case future benefits are reduced	Anticipated monthly income based on projected Social Security benefits and vested income sources	Anticipated monthly income NOT based on SSA estimated benefits or vested sources of income
Years in retirement	Retirement duration based on standard actuarial life expectancy, family medical history, current health, and a conservative addition based on the possibility of longer-than-expected life	Retirement duration based on standard actuarial life expectancy	Retirement duration NOT based on standard actuarial life expectancy
Projected rate of investment return	Predicted rate of investment return based on long-term historical average return data for the classes of investments held. Total return rate is slightly reduced in case of lower than anticipated performance	Predicted rate of investment return based on long-term historical average return data for the classes of investments held.	Predicted rate of investment return is NOT based on long-term historical average

Learners will receive individualized feedback and an overall score based on how their calculations compared to the assessment rubric. Maximum score would be 15, midrange 10, and the minimum score would be 5. The rubric adheres to the intent of the terminal objective, and also reflects the planned content for this section of the learning which outlines best practices in estimation used in retirement planning.

Terminal Objective #3

Based on the gap or overage determined, formulate an investment and savings plan to reach or exceed the estimated monetary need at retirement. The plan should achieve a satisfactory result 75% of the simulations when subjected to Monte Carlo analysis using the Retirement Income Manager ^(TM) tool.

This terminal objective will be the easiest to assess because the criterion (75% satisfactory results) is built into the objective itself. The facilitator will provide the assumed rate-of-return figures that will be fed into the Retirement Income Manager model. The learner needs only to select a monthly savings rate and investment selection that yields the desired result.

I chose this assessment method because it's the one most often used with our external customers, and provides for a variety of realistic outcomes based on actual historical market behavior. This will be the final activity of the class. Learners will be dismissed following the successful completion of this assessment. Participants will print out their graphs and submit them to the instructor who will initial them as a record of completion. The printout can be

used by participants as a guide to make necessary changes to their savings amounts and asset allocations.

Content Outline

This outline describes the instructional sequence and content for my proposed *Topics in Investing and Markets for Employees (TIME)* course. It's based on the learning objectives described previously. The outline will include the timing of each segment, a brief description for each of the activities for that section, and any required facilitator/student materials. I will also include a description of the pre-work assignment for the training course.

Pework assignment: Learners should complete the following tasks prior to class. All the materials mentioned are provided in a pre-work packet along with additional instructions and confirmation of the course date, time, and location. The entire prework packet should take about 1.5 hours to complete

1. Read Chapters 1-5 in the *Standard and Poor's Guide to Money and Investing*
2. Read the *Understanding and Managing Risk* article
<https://www.oppenheimerfunds.com/investors/education/learnToDiversify.html?cmpid=investorHomepagePlanning>
3. Complete the Risk Tolerance Evaluator
http://www.individual.ml.com/index.asp?id=15261_45434

4. Gather MRQ (most recent quarter) statements for savings, 401K and investment, and Social Security accounts. Note regular contribution amounts and allocations for 401K and IRA retirement accounts.

Course Content Outline:

Duration (Minutes)	Activity
20	Introductions, Icebreaker (Investing opinion poll), discuss terminal objectives and goals for the course.
30	Debrief the prework assignment as a group. Answer any questions arising from the assignment. Facilitator will review the highlights of stocks, bonds, and categories of mutual funds.
20	<p>Class Activity #1: Groups of 3-4 order the provided investment scenario cards from lowest risk/potential for reward to greatest risk/potential for reward. Facilitator will provide additional information and ask the groups to evaluate and reorder their cards if necessary.</p> <p>Assessment: Groups briefly report back to the group on the order they selected and why.</p>
30	<p>Individual Activity: Each learner will review the <i>Retirement Planning</i> section of the OppenheimerFunds website.</p> <p>https://www.oppenheimerfunds.com/investors/ret_plans/index.jhtml.</p>

	<p>Explore the four available topics:</p> <ul style="list-style-type: none"> • Getting Started • Already Investing • Nearing Retirement • Living in Retirement
20	<p>Debrief Readings: Facilitator guides discussion on the following questions</p> <ul style="list-style-type: none"> • What surprised you from the readings? • Which sections seemed most/least applicable to you? • Was there anything you disagreed with? • Do you think you'll change anything in your own retirement strategy based on what you've read?
15	A.M. Break
30	<p>Lecturette: The five biggest mistakes investors make including psychological rationale and portfolio impacts using provided PowerPoint presentation.</p> <p>Assessment: Evaluate 3 scenarios provided by the facilitator and determine which key mistakes were made.</p>
50	<p>Lecturette: Summarize the following types of financial/investment risks: market, inflation, currency, diversification, interest rate, regulatory, legislative, liquidity, and credit.</p>

	<p>Assessment: Evaluate 3 investment options provided by the facilitator and judge which risks they are subject to.</p>
25	<p>Review Handouts: Facilitator distributes and discusses key points from the following handouts.</p> <ul style="list-style-type: none"> • Annual Returns • Before-tax and After-tax Values • Traditional vs. Roth IRAs
60	<p>Break for lunch</p>
45	<p>Partner Activity: Determine estimated monthly needs at retirement following provided worksheets, Share budgets in dyads with partner.</p>
15	<p>Individual Activity: Categorize planned retirement expenditures as essential, desirable, or ideal.</p> <p>Assessment: Were learners able to reduce monthly needs by separating essential expenditures from the “nice to have” ones.</p>
15	<p>Individual Activity: Calculate the maximum monthly 401K contribution based on current salary level, projected bonus, and anticipated commissions (if any) using provided worksheet.</p>
45	<p>Individual Activity: Calculate estimated value of current investments and supplemental income at age 67 using Calculator: “What Will I Earn With My Accounts?”</p> <p>https://www.oppenheimerfunds.com/investors/calclIndexInvestor.jhtm</p>

	Assessment: Learner assumptions for calculations using rubric developed in assignment #4 (attached)
15	P.M. Break
15	Individual Activity: Perform gap/overage analysis
60	Individual Activity: Develop an investment plan to address the gap/overage
15	Subject investment plan to Monte Carlo analysis using <i>the Retirement Income Manager</i> ^(TM) tool Assessment: 75% satisfactory result (outcome bridges identified gap). Learners will print and submit graphs.
5	Individual Activity: Complete post course evaluations
10	Facilitator summary and closing comments
8 Hrs.	Total Duration

Required Facilitator Materials:

1. Investing opinion poll (for icebreaker activity)
2. PowerPoint Presentation “The Five Biggest Mistakes Investors Make”
3. 3 Scenarios for “Biggest mistakes” assessment
4. 3 Scenarios for “Risks” assessment

Required Learner Materials:

1. Scenario cards for class activity #1 (risk/reward ladder)

2. Handouts: *Annual Returns, Before-tax and After-tax Values, and Traditional vs. Roth IRAs*
3. Worksheet: Estimated monthly budget needs at retirement
4. Worksheet: Maximum 401K contribution

Room requirements:

This training needs to be conducted in a training room with individual PC access and LCD projector access. Education Center training rooms D, E/F, or G would be suitable.

Program Evaluation

This section will discuss my formative and summative evaluation plans for my proposed *Topics in Investing and Markets for Employees (TIME)* course. For formative evaluation, I'll explain the points at which each evaluation will occur, the content of the evaluation, and a brief description of how the results of the evaluation will be incorporated into the training. In the case of summative evaluation I'll talk about the specific questions to be included, how the responses will be used in planning, and the parties I'll share the results with.

Section 1: Formative Evaluation

The purpose of formative evaluation is to enhance the effectiveness of the materials during the process of design and development. This is done by collecting evaluation data regarding the nascent instructional materials and

making revisions as warranted based on that feedback. The data is collected from people who are part of (or very like) the intended learner population.

Per the Dick, Carey, and Carey text there are four components of formative evaluation: review by interested specialists, clinical trial (one-to-one), small group evaluation, and a field trial. It's likely that I'll be able to obtain approval for something less than a fully fleshed out formative assessment due to time and money constraints. Therefore, I have chosen to focus on the specialist review and the field trail. In my department, we refer to field trials as "Pilot" sessions, so I'll use the terms interchangeably in this section.

While I'll be utilizing the assistance of subject matter experts throughout the design process, it's when the materials are in semi-final form I will conduct the formal specialist review. My experience has been that I'm likely to get more complete and thoughtful feedback using a checklist methodology with a generous timeline for specialists to look at the materials and respond when it's convenient for them, based on their other responsibilities. I will compile the written comments of the specialists; look for agreement among them, and follow-up with individuals if I need further clarification.

I'll provide a package for each reviewer. It will contain the materials themselves, and a cover of instructions and checklist for review that will help each person understand what is requested. The checklist will be sequenced in the same way as the major sections of content.

1. Introduction

2. Prewrite debrief
3. Activity #1: ranking risk and reward
4. Review/debrief of *Retirement Planning* section on Oppenheimerfunds.com
5. Five biggest investing mistakes lecture and scenario evaluation
6. Investment risks lecture and investment option evaluation
7. Handout review: Annual returns, before and after tax values, traditional v. Roth IRAs
8. Determining monthly expenses activity
9. Calculating maximum 401K contribution amount
10. Calculating estimated investment returns
11. Gap/overage analysis
12. Developing an investment plan
13. Monte Carlo analysis activity

Each section will have a checklist style evaluation to complete that is comprised of the following questions:

Section Title: Section Name

Pages: X to Y

Learning objectives of this section: (List performance objectives)

<Please note the specific examples within the materials relevant to your answers below.>

1.	Are the materials sufficient to accomplish the learning objectives for this section?
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2.	Are the materials, examples, and learning strategies used well matched to the objectives?
3.	Is the information in this section correct, complete, and clear?
4.	Is the content sequenced in a logical progression?
5.	Do you think the time allotted for this section is adequate?
6.	In your opinion, are the activities appropriate and interesting? Is there enough opportunity for learners to practice and receive feedback?
7.	Do the materials address the different adult learning styles? (Visual, Auditory, Kinesthetic)
8.	Are the materials free of grammar and spelling errors?
9.	What suggestions do you have for the instructional materials that would improve the learning in this section?

I believe this framework will assist reviewers in understanding my expectations of what they should be looking for. Once I've received the feedback from my expert reviewers, I'll aggregate it for each section looking for points of agreement. For instance, if half the reviewers expressed concerns about section timing that would be an area I'd want to target for further review and possible revision. That doesn't mean that majority necessarily rules; I'll assess each piece of feedback on its own merit within the context of the other feedback. It's not uncommon for reviewer feedback to be conflicting, which means I'll be required to make some judgment calls as to what requires action and what does not.

The final step of this section will be to circle back with each reviewer and summarize what was done with their feedback, and to address those cases where I've decided to take no action, or action different than what was recommended. Reviewers appreciate the follow-up of finding out how I used their comments (or didn't), and why.

Following the specialist review and revisions, the course should be ready for a field trial. During this pilot session, I'll conduct the training exactly as if it were a real class, asking participants to make notes along the way, in preparation for a debrief session in a day or two following the class. I'll explain the purpose of the session (gathering their feedback) and preview some of the questions I'll be asking for their feedback on.

Since this training is designed for anyone in the company, selecting the pilot group should be relatively straightforward. I will try to get a group that

represents different lengths of service and different areas of the company so that I've got a broad spectrum of the employee population. I'll be trying for a group of about 20 persons, which should be about the size group I'll be scheduling once the actual calendar of offerings is developed.

I'll use a focus group forum to ask questions and to let the group respond. I'll track the feedback using flipcharts. I think I can facilitate this session myself, but if the group indicates it would be more comfortable giving feedback with me outside of the room I have several people who could conduct the session on my behalf. What follows are the focus group questions to be used in the pilot debrief:

1. Did the course accomplish the objectives as stated in the course introduction?
2. Did you complete the prework, and how useful was that approach?
3. Did the order of the topics make sense to you?
4. Was the timing of each section adequate?
5. At what point did you feel most interested in the class?
6. At what point were you least interested?
7. Did you have adequate opportunity for practice and feedback?
8. Were the instructions for each activity clear to you? Were you confused at any point in the instruction?
9. What could be changed to make it a better learning experience for you?

Depending on the comments the group offers, follow-up questions or requests for examples may be necessary to clarify specific details. I'll also poll people in the group to determine if they agree or disagree with the comments expressed by others.

Another cycle of revisions will follow the pilot session. Often, pilot groups have perspective and insight that specialists and subject matter experts may lack. Learners are also best equipped to describe where the class is engaging and where it drags. I've also found that in the focus group setting learners will reveal areas where they were confused but they didn't identify during class.

It's also useful to note the assessments described in the training outline will also be part of my formative evaluation. The results of the assessments may reveal areas where the content isn't as clear as it needs to be, or not enough information was given to effectively complete the given tasks.

Section 2: Summative Evaluation

The function of summative evaluation is to gather data on the overall effectiveness of instruction to determine whether it should be used in a particular setting, or whether it should continue to be used if it is already in place. It measures whether or not the instruction accomplished its purpose—in short, did it do what it was supposed to do? Summative differs from formative evaluation in that it takes place after the formative evaluation is complete and the training course has been completely developed for use.

For my purposes, I'm mainly concerned with the aspects of summative evaluation for the purpose of adopting or continuing the use of this training. The purpose of this training is to benefit the learners directly rather than the organization, so I feel that they will be the ones in the best position to assess the utility of the training. Consequently, I intend to survey graduates of the course directly, one month following the training.

The learner survey will be administered online, and will be comprised of the questions noted in the table below. As an incentive, people completing the survey will be sent a free PDF copy of *Patrick's Seven Keys to Financial Success and Monetary Fulfillment*.

1.	Please provide an overall ranking for the <i>Topics in Investing and Markets for Employees</i> course. (Please select one) <ul style="list-style-type: none">• Five stars - Outstanding• Four stars - Very Good• Three stars - Average• Two stars - Below Average• One star - Poor
2.	Have you been able to apply the skills you learned in the <i>Topics in Investing and Markets for Employees</i> class in the past 30 days? If so, how? If not, why? (please explain)
3.	Were the topics covered in the course relevant to you personally? Y/N

4.	<p>Please rate your knowledge of the topics covered compared to <i>before</i> you took the class. (please choose one)</p> <ul style="list-style-type: none">• Significantly improved• Somewhat improved• About the same• Somewhat worse• Significantly worse
5.	<p>Please rate your confidence in your ability to formulate an investment and savings plan to reach or exceed your estimated monetary need at retirement.</p> <ul style="list-style-type: none">• Very confident• Somewhat confident• Somewhat unsure• Very unsure
6.	<p>Would you recommend the course to a friend? Y/N</p>
7.	<p>Did the course meet your expectations? Y/N</p>
8.	<p>Which topics covered in the training were MOST helpful?</p>
9.	<p>Which topics covered in the training were LEAST helpful?</p>

10.	Please include any suggestions you have that would improve the course or the learning experience for future classes. (free form comments)

The aggregate results of the 30-day surveys will be shared with key stakeholders for the program: management of the Learning and Development department and management in the Legal department. Raw data and comments will also be available to the course designer and facilitators for the purposes of improving the instruction continuously throughout its lifespan.

Charts and graphs showing results over time will aid in trend analysis. Question five, “Please rate your confidence in your ability to formulate an investment and savings plan to reach or exceed your estimated monetary need at retirement” could be asked of people who have NOT attended the course and compared with the average ratings of those who have attended to see if there’s a significant difference.

Budget Considerations

The costs involved for each participant will be limited to the reimbursement cost of the physical materials provided. Participant cost centers will be charged for reimbursement of those materials costs following training.

Item	Cost
One copy each of the <i>Standard and Poor’s Guide to Money and Investing</i>	\$15.95
Printing/binders/classroom materials Costs	\$8.00

<i>Total cost per participant</i>	\$23.95
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Overall costs would also include the developing remaining materials which I estimate to be of approximately one FTE (full time equivalent) for 40 hours (hourly cost is “fully-loaded” e.g. includes salary and benefits). Subject matter expert review and feedback would add approximately 2 fully-loaded hours of FTE per expert reviewer.

Marketing Plan

In order to increase awareness and interest in the training I propose an online campaign leveraging the homepage of the corporate intranet and highlighted links from the Learning and Development portal in OPnet. Links would include a course description with brief self-assessments with “teaser” questions:

- *Will your investments be sufficient to meet your retirement needs?*
- *What are the most common mistakes people make that reduce their likelihood of meeting their financial goals?*
- *Which is best for you: Traditional or Roth IRA?*

I further recommend we offer to waive the course materials fees for the first twenty registered participants. In this very restricted budget environment, I believe that savings would be an attractive incentive for people to enroll in the training. Registering a class early would help generate traction for the program. The costs of this incentive could be partially offset by negotiating volume pricing from the publisher for bulk ordering.