Financial Coaching Newsletter

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Have an idea for a story, or would you like to contribute to the newsletter? Let us know!

Hallie Lienhardt, Center for Financial Security

Welcome to the Center for Financial Security's Spring 2014 *Financial Coaching Newsletter* ! The articles in this issue feature contributions from financial coaches and coaching programs across the US. We thank everybody who contributed their time and writing to this issue.

The newsletter benefits from the contributions of its readers, and we invite your participation. You can suggest an idea for a story, volunteer to be interviewed (or send in questions for another coach), or write an article. Please email us if you are interested at: fincoaching@mail.sohe.wisc.edu

Finally, we greatly appreciate your feedback on the newsletter, our financial coaching website fyi.uwex.edu/financialcoaching, and any of our other work on financial coaching. Please share your comments and suggestions via email.

Ways to get involved:

- Visit the Center for Financial Security's Financial Coaching Website: http://fyi.uwex.edu/financialcoaching
- Share this newsletter with your coaching colleagues.
- Tell us what you would like to see in future newsletters and on our financial coaching website.
- If you are not yet on our financial coaching email list, sign up here and be sure to click "Coaching Newsletter."

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Solutions for Progress Launches MyBudgetCoach

Peter Rubenstein, Solutions for Progress

Many low- and moderate-income working families believe that financial stability is a goal reserved only for the wealthy. A single untimely health emergency or home or auto repair can be the difference between stability and chaos for these families.

According to the latest CFED report on the financial stability of Americans, "nearly half (44%) of households in the United States are liquid asset poor, meaning they have less than three months' worth of savings—conservatively measured as $5,887 for a family of four, or three times monthly income at the poverty level."

Financial coaching is a proven intervention for families and individuals who have a dependable source of income, but need the skills and knowledge to manage their assets and build wealth.

Through this financial coaching intervention, program participants work one-on-one with a coach to develop and maintain a household budget; increase savings; decrease debt; decrease delinquent bill payments; identify all sources of income and expenses; define and accomplish short and mid-range financial- and life-goals; and increase credit score.

In September 2013, Solutions for Progress (SfP) began operating MyBudgetCoach, in partnership with the Center for Financial Services Innovation. MyBudgetCoach is an innovative online service that combines best practices from the financial capability world with the support and accountability of financial coaching.

MyBudgetCoach was initially conceived at Co-opportunity in Hartford, CT as an extension of an existing paper-based in-person budget coaching program. The original budget coaching program matched a client with a coach and guided the pair through three to six face-to-face coaching sessions. While the short-term outcomes were good, longer-term outcomes suffered because habits were not firmly established during the three- to six- month engagement period. Program retention, endemic to virtually all financial coaching programs that extend beyond the short-term, also needed to be addressed.

While working to develop MyBudgetCoach, the concept of a companion for the paper-based program was shelved and a wholly new service was created to deliver three critical elements to improve outcomes over the longer term and improve program retention overall: extend the coaching engagement period to up to twelve months; empower and inform clients through the use of an innovative web-based suite of tools; and allow for remote online delivery of the service using free, publicly available, and easy-to-use screen-sharing technology.

Using the online service, a coach and client have the opportunity to go through twelve coaching sessions that increase the client's skills and knowledge of fundamental issues such as generating income, organizing finances, spending

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Solutions for Progress Launches MyBudgetCoach

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Peter Rubenstein is the Director of Financial Wellness at Solutions for Progress. He focuses primarily on the further development and implementation of MyBudgetCoach (MyBC). Peter's proudest professional achievement is the creation of MyBC at Co-opportunity in Hartford, CT, where he served as Director of Special Projects.

Prior to joining Co-opportunity, Peter Rubenstein was Vice President of Plymouth Spring Company in Bristol, CT. Peter has a B.A. in Political Science and Public Policy from Syracuse University and a Master of Public Administration degree specializing in Nonprofit Management from New York University's Robert F. Wagner School of Public Service.

habits, reviewing credit reports, and comparing prices while shopping.

In addition to the financial capability content, clients utilize a suite of online tools to track expenses and income; set goals and track progress towards achieving them; and monitor their monthly and annual budget. Coaches have full real-time access to their clients' data and, through the use of automated alerts, can respond swiftly when clients need their support.

The MyBudgetCoach service has an extensive reporting system which can generate customized reports for system administrators and can help streamline staff operations by providing a central online database and basic client-management system.

MyBudgetCoach is currently offered statewide in Ohio through the Ohio Association of Foodbanks, and will be launching statewide in Maryland in May through the Maryland CASH Campaign. The service will also be available at several sites in the Philadelphia-area later this summer.

The Ohio, Maryland and Philadelphia groups will also be participating in a rigorous evaluation of the MyBudgetCoach service to measure differences in outcomes for those receiving the service exclusively online versus those meeting with a coach in person. Initial testing of this mode of delivery yielded positive results and it is hoped that an online delivery method can alleviate the retention issues that plague most financial coaching programs. This evaluation project is being undertaken in partnership with the Ohio Association of Foodbanks and the Center for Financial Security. Along with data generated in the coaching sessions in regards to savings, debt and goal achievement, MyBudgetCoach users will also use CFS's Financial Coaching Scale tool which, in part, measures client's own perceptions of their current financial situation.

MyBudgetCoach is currently operated by SfP in Philadelphia, PA. SfP is a mission-driven Benefit Corp that combines technology and public policy expertise with a commitment to community outreach generating practical solutions to the complex problems of poverty.

Through SfP's licensing program, MyBudgetCoach is available to any organization or group of organizations seeking to offer an innovative and efficient platform for financial coaching.

For more information about the program or about how your organization can offer MyBudgetCoach, please contact Peter Rubenstein at Solutions for Progress at prubenstein@solutionsforprogress.com or phone at 215-701-8079.

Center for Financial Security Call for Financial Training Feedback and Participation in Financial Coaching Technology Pilot

Hallie Lienhardt, Center for Financial Security

The Center for Financial Security invites feedback, information and insight into financial coaching training programs that your organization provides or any financial coaching training programs that you or your coaching staff have attended. We are exploring the existing financial coaching training curricula that is available in the field and in order to get the best and most comprehensive picture of financial coaching's preparatory programs, we need your help. Please contact Hallie Lienhardt, Outreach Specialist for the Center for Financial Security by email at hebennett@wisc.edu or by phone at 608.890.0229.

CFS is currently seeking programs interested in participating in a financial coaching technology pilot that will test the effectiveness of text reminders in financial coaching. Reminders have been shown to increase individuals' follow-through on tasks. This project will test whether simple text reminders improve financial coaching clients' goal attainment. Participating programs will randomly assign clients into a treatment or control group. The treatment group will have the opportunity to receive simple text reminders from their coaches. If interested in participating and for more information, please contact Hallie Lienhardt by email at hebennett@wisc.edu or by phone at 608-890-0229.

Who is ALICE?

Lars Gilberts, Current Statewide Director of Florida's ALICE project
and past Director of Branches' United Way Center for Financial Stability

You meet ALICE every day. ALICE is our sister. ALICE is our father. Some of us employ ALICE. Some of us are ALICE. United Way of Northern New Jersey developed a new demographic definition, "Asset-Limited, Income-Constrained, Employed" (ALICE), to increase awareness and unity around the needs of working families. By personalizing a section of our workforce, United Way of Northern New Jersey put a face to a population often ignored or misunderstood. The ALICE Project is a comprehensive research study of the financial challenges faced by millions of Americans that uses data to change how we talk about the 'working poor'. ALICE has successfully engaged employers, policy makers, community groups, funders as well as national media in understanding and supporting this at risk but working population. Florida and states across the country are participating and beginning to connect research and marketing to policy and practice. United Way of Broward has taken a leadership role to bring this research, messaging and strategy to Florida.

Why Does ALICE Matter?

ALICE is not confined to any one race, ethnicity, age or gender. ALICE is any individual who is employed but has difficulties in earning, keeping and growing the money they need to maintain or improve their financial situation. All of us know and serve ALICE and many of us have been or are ALICE. When ALICE does not have enough income, they have to make difficult choices. ALICE may be forced to use substandard child care, or go without healthcare, or healthy food or car insurance. This can threaten their health, safety and financial future, which in turn impacts their family, community, employer etc.

Why Does ALICE Matter to Financial Coaching?

Those who fit within the ALICE population and the larger model are tied to our field in two overarching ways. First, ALICE families are most receptive to and benefited by financial coaching. Coaching relies on motivation and resources and these working families are more like to have both. They represent the core and the most successful clients of our coaching programs. Second, the ALICE Program gives us some common data and definitions to discuss coaching and its target populations. Coaching programs often are challenged with differentiating themselves from counseling and case management in clear yet concise ways. Additionally, describing who is 'right' for coaching or most benefits from it also becomes a perennial challenge. ALICE families benefit from coaching and it is time for the financial coaching 'family' to benefit from ALICE's definitions, data and increasing exposure. New data in participating states will be available at the county level by this Labor Day (September 1, 2014) but coaching programs are welcome to ask their local United Ways for earlier access to the framework and data points. For more information about ALICE and to see New Jersey's report visit: http://www.unitedwaynnj.org/ourwork/alice.php

Lars Gilberts is Current Statewide Director of Florida's ALICE project and past Director of Branches' United Way Center for Financial Stability.

Joan Spain, UW-Extension

UW-Extension Financial Coaching Training to be held June 4th

Hallie Lienhardt, Center for Financial Security

Using a national model of Financial Coaching training, seasoned financial coaching trainers from University of Wisconsin-Extension Joan Sprain and Peggy Olive, will provide a one day training session on strategies for financial coaches. The training will take place in Merrill, Wisconsin on June 4th at the Lincoln County UW-Extension office. Participants in the training are expected to have a basic knowledge of financial education in order to successfully complete the training. Participants are eligible to receive 1.0 CEU's on successful completion. The workshop will cover Coaching Definitions and Distinctions, COACH Model and Framework, Effective Coaching Skills, Demonstration and Practice Coaching, Coaching Toolkit, National Financial Coaching Resources, and Evaluation Strategies. For more information and for the registration link visit:
http://fyi.uwex.edu/financialcoaching/

Peggy Olive, UW-Extension

The Financial Capability Measurement Puzzle: A Matrix Approach

Anne J. Guthrie, Center for Working Families Network, Local Initiatives Support Corporation in Indianapolis

Anne Guthrie supports the Center for Working Families Network at the Local Initiatives Support Corporation in Indianapolis. She piloted the Prosperity Center at Goodwill Industries in Eugene, OR before moving to Indiana to complete her Masters in Public Affairs and Philanthropic Studies at Indiana University-Purdue University Indianapolis. Her research focus includes economic inclusion, asset-building policy, and integrated service delivery models. She can be reached at anneguth@iupui.edu.

Financial coaching is one of the most promising tools to help low-income families reach financial capability. You might even say financial coaching is popular. The "coaching" buzz word is found in the latest scaling initiatives of the Consumer Financial Protection Bureau, the Corporation for Enterprise Development, and NeighborWorks America, which all promote the integration of financial services with social services. Financial coaching is the main ingredient in the "integrated service delivery model" delivered by the Working Families Success Network in over 115 organizations in more than 30 cities across the United States.

Financial coaching is gaining momentum because it goes beyond equipping people with financial literacy – it helps people apply their improved financial knowledge to develop healthier relationships with their money.

Of course, with any practice that goes to scale quickly, the field struggles to catch up in identifying and promoting best practices. Financial coaching is in hundreds of organizations across the states, and each program has a unique way of measuring impact. This is no surprise; understanding what defines "changed behavior" in money management practices takes time in an emerging field. However, progress is being made. In 2011, The Center for Financial Security launched the Financial Coaching Outcome Measures Project that is analyzing indicators of behavioral change including using a budget, having a financial goal, setting aside savings, and paying bills on time.

The Financial Clinic in New York is a perfect example of tracking these behavioral outcomes. The Clinic's methods are recognized widely; the Urban Institute and the Consumer Financial Protection Bureau are currently conducting a random controlled trial on its coaching program. The Clinic tracks six behavioral outcomes including if a person has made a series of consecutive deposits into a savings account (indicates saving habits), decreased the costs of financial transactions (indicates financial product management), and set and achieved a short-term goal (indicates ability to plan ahead).

These indicators allow practitioners to evaluate whether financial coaching impacts the person's ability to make informed financial decisions. However, this begs the question: Are behavioral outcomes the end game of financial coaching? While some would argue yes, others look at behavioral outcomes as part of a bigger picture. If Joe starts using a budget and making regular deposits into a savings account, is he actually in a better financial position than he was before?

Of course, the reality is that the asset development field has not yet come up with a standard definition of financial stability. But renowned models such as The Local Initiatives Support Corporation's Financial Opportunity Centers (FOCs) and United Way of the Bay Area's SparkPoint Centers are capturing data that track improved financial stability. FOCs track increases in a person's net-income, net-worth, and credit score as the main economic outcomes. SparkPoint defines improved financial stability as the degree to which participants achieve a family self-sufficiency wage, a credit score of 650, an income-to-debt ratio of 40%, and three months worth of savings.

However, even these financial stability indicators prompt questions. First, increases in net-income indicate a positive direction toward financial stability, but how close is the person from escaping the cycle of living paycheck-to-paycheck? Second, if a person reaches three months worth of savings, is it because of some one-time event like a tax return or a gift from parents, or new behavior, namely, consistent saving habits? Third, while SparkPoint's indicators may be a good proxy for what it means to be "middle class," these outcomes often take years to reach (if not a decade, based on personal experience). So how can you measure a person's success over time?

This seems like it's getting complicated. But, there may be a way to piece this puzzle together and bring both behavioral and financial stability outcomes together in a continuum of benchmarks that can be measured over time: the Financial Capability Outcomes Matrix.

The Matrix is a unique approach to measuring financial capability. The Matrix has a series of financial capability life domains such as income, money management, financial services, and credit. Within each life domain are different status levels, or benchmarks, in ascending order: in crisis, vulnerable, stable, safe, and thriving. For example,

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The Financial Capability Measurement Puzzle: A Matrix Approach

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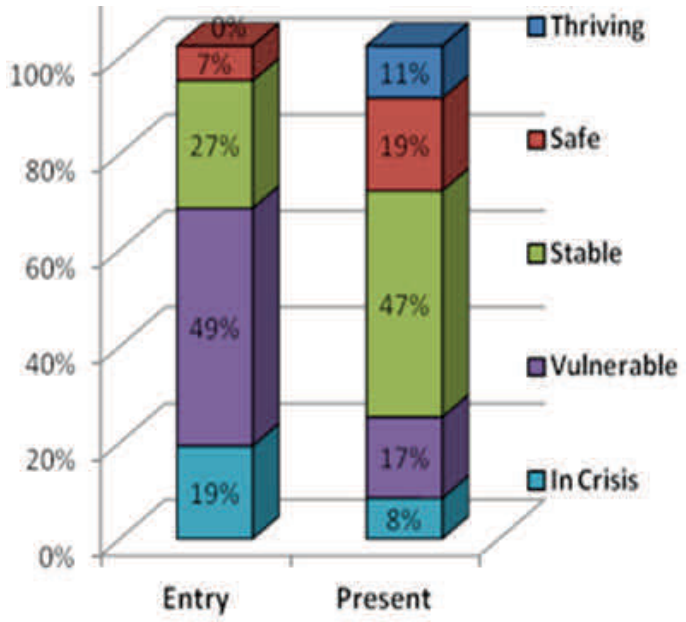
SparkPoint's thriving level for the savings domain would be "three months worth of savings." The in-crisis level would be "no savings." For the Financial Clinic, perhaps the thriving domain of financial services would be "fully banked; substantial reduction in transaction costs," and in-crisis would be "un-banked; occurring high fees from alternative services."

Below is visual example of the life domain of "money management."

Money Management

Thriving Able to pay all bills to support basic living expenses; expenses do not exceed income; availability of discretionary funds for household spending and able to save or invest money. (10)
Safe Able to pay all bills to support basic living expenses; expenses do not exceed income; availability of discretionary funds for household spending (8)
Stable Able to pay all bills to support basic living expenses; expenses do not exceed income. (6)
Vulnerable Unable to pay some bills to support basic living expenses; expenses exceed income. (4)
In Crisis Unable to pay most bills to support basic living expenses; expenses exceed income. (1) Unable to pay any bills to support basic living expenses; expenses exceed income. (0)

Status of Clients in the Prosperity Center



Source: 2012 Prosperity Center Report, Goodwill Industries of Lane and South Coast Counties

This approach to measure financial capability outcomes was piloted by my colleague Ed Durkee and me when we implemented the Prosperity Center in partnership with United Way at Goodwill Industries of Lane and South Coast Counties in Eugene, Oregon. The Matrix approach is now being used by the Goodwill Industries of Sacramento Valley and Northern Nevada, the Sacramento Assets and Opportunities Network, and the United Ways in both Sacramento and Eugene. The Matrix is unique, but like many good ideas, is not new. We adapted this framework from the Results-Oriented Management and Accountability model used by Community Action Agencies.

The Matrix is both an assessment tool and an outcomes management tool. At program entry, you can literally plot a person's status in each domain of financial capability. The exciting part is actually seeing movement – movement within multiple aspects of financial capability from one stage to the next - depending on where the person starts. If Joe starts out "in crisis; unable to pay any bills, expenses exceed income" you can celebrate success when Joe reaches "stable; able to pay all bills, expenses do not exceed income." Has he reached financial stability? No, because he still does not have money left over for discretionary spending. Plus, Joe needs to work on other aspects of financial capability such as savings, debt, credit, and financial products. But you can see how close -- or how far away -- Joe is from living paycheck-to-paycheck.

The Matrix has potential to capture the gold standard of financial coaching outcomes: Improved money management behavior and improved financial stability. For instance, benchmarks can track behavioral outcomes (e.g. stable; depositing into a savings account) that lead to financial stability outcomes (e.g. thriving; has three months of savings).

Of course, this leads to another set of questions. What does thriving mean? What does it mean to be in-crisis versus stable in the domain of debt? And how many domains are there in financial capability? I'll leave that to the experts in the field to sort out.

The main point is that the concept of a "Financial Capability Outcomes Matrix" might allow the field to advance a framework that is needed to organize a variety of outcomes in a continuum. An approach that allows us to graph and view the results of someone developing a healthier relationship with money…that allows us to celebrate the incremental steps of someone moving from poverty to stability, and from stability to financial well-being.

Review You Can Use: *Being Coached: Group and Team Coaching from the Inside*

Hallie Lienhardt, Center for Financial Security

This book sparked my interest mainly because the subject of group coaching has been a topic of research at CFS (see the brief on group financial coaching interview and survey findings here and a literature review here) , but also because group coaching seems to be a promising model that is not often written about. The authors, Ann V. Deaton and Holly Williams, are both seasoned executive coaches that have used the group coaching model for over a decade. Their style used in writing this book is informal, an easy read, and takes a unique approach to coaching. The uniqueness comes from the book's perspective being focused on what it is like being coached and how the coachees learn, evolve, and feel during the process. Each very short chapter is written from the point of view of a different coachee in the group. The inner-dialogue that we see as readers is probably fairly accurate to all forms of coaching (financial, executive, life, etc.) as emotion runs the gamut from apprehension, skepticism, self-doubt, excitement, empowerment, etc. Some of the people featured take longer to connect with the group coaching method and goals and this, too, seems realistic and helpful to remember as a coach.

One of my favorite things that this book does very well is shed light on the ways that coaching may effect a person in areas of their life that are not necessarily a focus of the coaching sessions. For instance, one of the individuals in the book uses the group coaching feedback and conversation focused on her team dynamics at work to examine and improve her relationship with her mother. I think that this parallels the way people in financial coaching may find their specific financial goals to change behaviors in other areas of life– especially if their goals have to do with building self-control, self-efficacy, and motivation.

Some of the drawbacks of this book may be the lack of solid content for applying to actual coaching. This book really must be read as a window into a certain coaching method and what some possible outcomes or experiences could be for participants and not as a how-to manual.

Another drawback to the book in reading it from a financial coaching perspective is that executive or work team coaching often diverges from the goals of financial coaching in many ways. People who take part in a financial coaching group session are most commonly strangers when starting out, while the people profiled in this book were all colleagues struggling with team dynamics. These relationships bring different challenges and advantages that may not occur with a group of strangers.

Regardless of the difference between financial coaching and executive or leadership coaching, the main focus of the book as a study on the group coaching method is quite informative. The key takeaway should be that group coaching can be a useful method for creating an environment of trust, self-reflection, peer-to-peer feedback, and personal growth.

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The University of Wisconsin-Madison Center for Financial Security (CFS) is a cross-campus, interdisciplinary center focusing on applied research that promotes individual and family financial security. CFS focuses on households, consumers, and personal financial decision making. CFS affiliates work collaboratively across centers, institutes, and schools throughout the US. The Annie E. Casey Foundation generously supports the Center's work on financial coaching. This work includes conducting applied research, training new coaches, and promoting coaching in Wisconsin and across the US. Please visit the websites listed below to learn more about CFS and its research on financial coaching.

Visit us on the web at fyi.uwex.edu/financialcoaching & cfs.wisc.edu