



Financial Coaching: An Overview

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Financial Capacity Building

Information Models

- Disclosures
- Print/Web
- Interactive Web
- Workshops
- One:One

Advice Models

- Technical expert (credentialed)
- Transactional guide (may have sales focus)
- Counseling (acute problem solving)

• Coaching

- Self-Control: External Monitoring
- Executive Attention

Mechanism Models

- Defaults
- Automatic Deposit
- Product constraints

- Reminders: Reinforce Salience

**Therapy –
diagnosis /
Treatment**

Advice Models

- Technical or legal
- Role of fiduciary vs. sales
- Counseling

Financial Coaching

- Relationship-based
- Client Directed
 - Self-activated goals
- Goal Focused
 - Performance improvement
- Not an ‘expert’
 - Goal setting
 - Monitoring & Accountability

Working Definition of Coaching

“a collaborative solution-focused, result-oriented and systematic process in which the coach facilitates the enhancement of life experience and goal attainment of normal, non-clinical clients” (Grant, 2003).

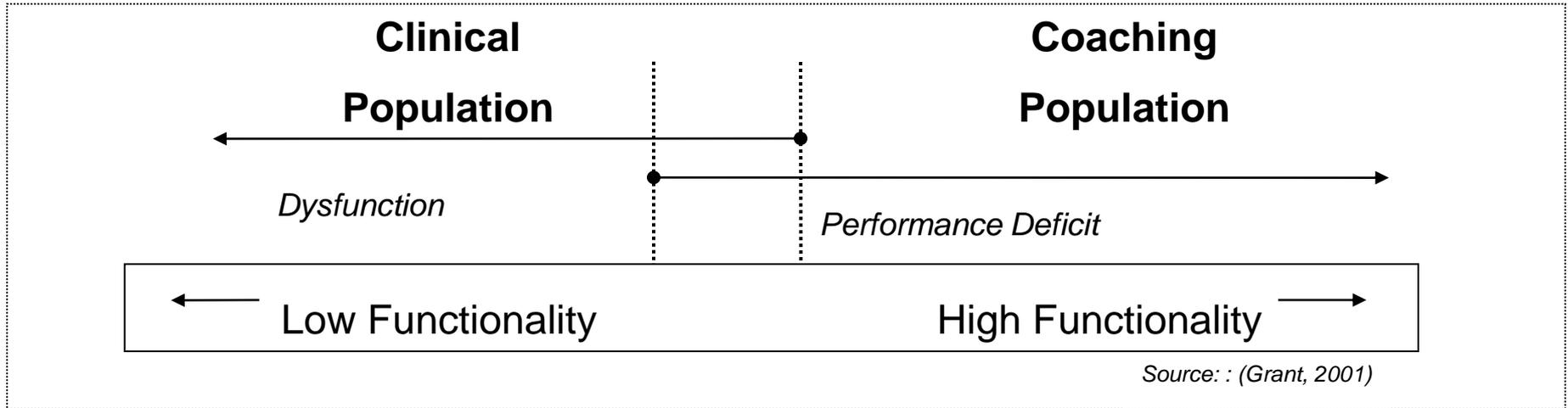
Key Elements of Coaching

- a focus on long-term outcomes (future orientation)
- an ongoing, systematic, collaborative process for assisting clients to change behaviors
- support to practice new behaviors
- building skills and teaching content based on the client’s unique needs and goals

Steps:

1. Goal setting
2. Action planning
3. Monitoring

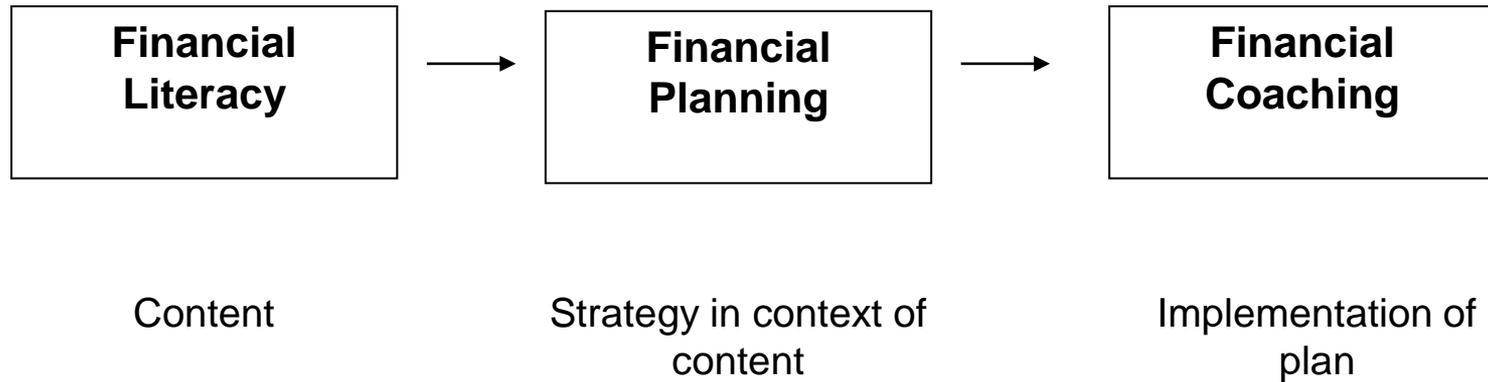
Targeting Clients for Coaching



Coaching seeks “**performance improvements**” not therapy

- Lack of major problems which prevent change
 - “Interested and involved in a wide range of activities, socially effective...No more than everyday problems or concerns.”
 - “Major impairments in areas such as work, school, family relations, judgment, thinking, or mood...speech is at times illogical, obscure or irrelevant.”

Literacy-Planning-Coaching



Facilitation Skills

ICF Core Coaching Competencies

1. Setting the foundation

- Ethical and professional standards
- Establishing the coaching agreement

2. Co-creating the relationship

- Establishing trust and intimacy with the client
- Coaching presence

3. Communicating effectively

- Active listening
- Powerful questioning
- Direct communication

4. Facilitating learning and results

- Creating awareness
- Designing actions
- Planning and goal setting
- Managing progress and accountability

Characteristics of Coaching

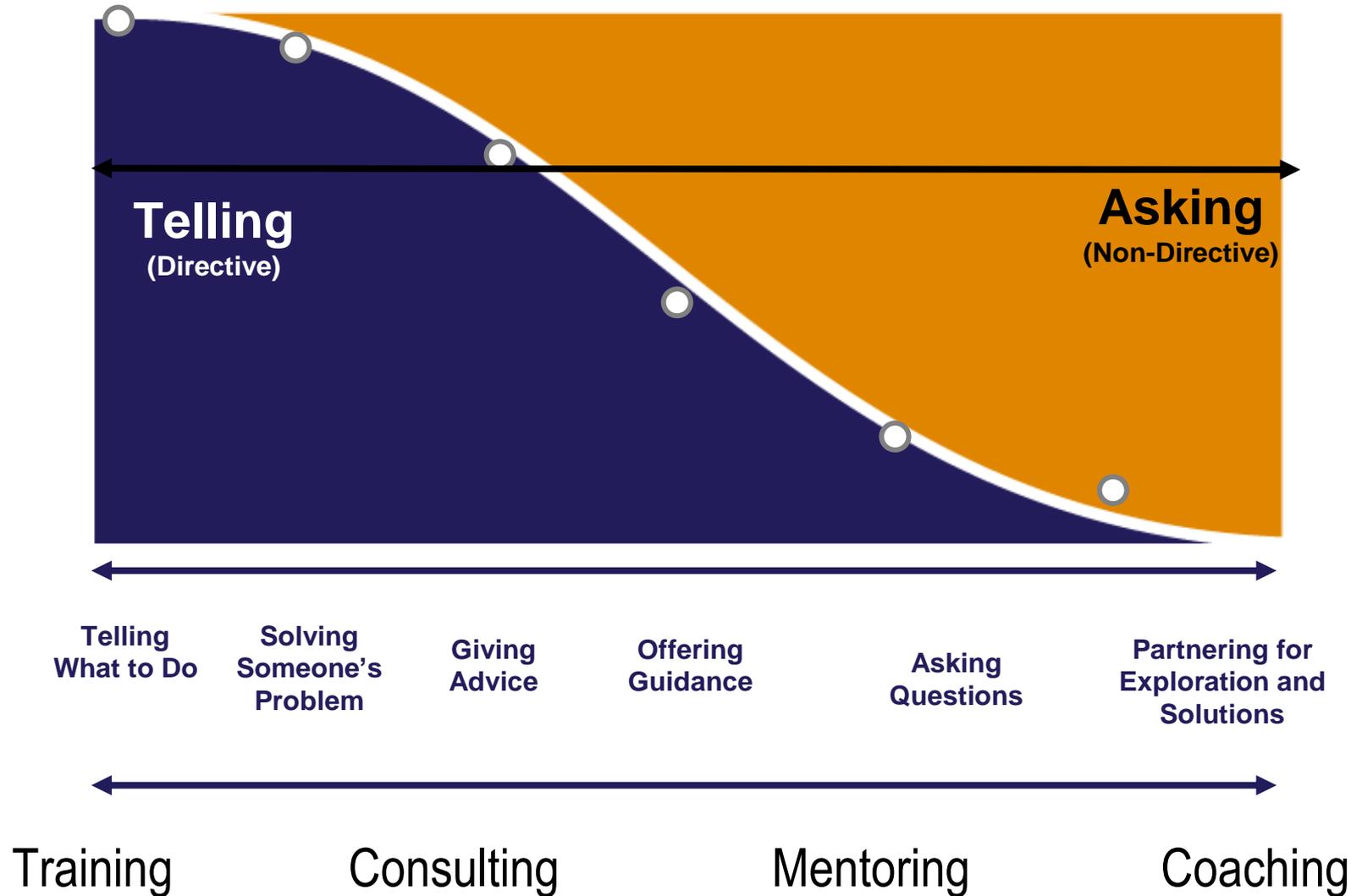
The Coaching Approach

- Establish trust
 - “coaching agreement”
- Active listening
- Objective questioning
- Ongoing communication

The Coaching Process

- Creating awareness
- Goal setting
- Planning
- Resource connections
- Monitoring progress
- Accountability

COACHING DISTINCTIONS



Working with Low-income Clients

- Not financial or estate planning
 - Fewer financial assets; less likely to have employer benefits
- May be eligible for public benefits or special private programs
- Credit management critical
- Lack of experience with financial institutions, products
- Pressure on time and limited resources
- Linking/Integrating public programs

Variations in Coaching Models

- **Duration of coaching**
 - Few months vs. as long as needed
- **Frequency**
 - Weekly at start, then monthly vs. 3-4 annually
- **Complementary Services**
 - Workforce development
 - Financial products
 - Tax preparation
- **Delivery: Face-to-face, Phone, Email**
 - Initial meetings crucial to build trust
 - Phone and email follow-up

Training and Accreditation

Most financial coaches lack any certification

- Or credentialed in financial areas and as *personal* coaches

Coaching

- International Coaching Federation (ICF)
 - Number of ICF programs nationally
- International Association of Coaches (IAC)
- Non-accredited programs
 - Tribe Coaching, CNM, others

Financial Content

- The CFP is widely-known designation for planners
 - may be more intensive than many coaches need.
- Association for Financial Counseling & Planning Education (AFCPE)
 - focused on financial counseling, but applicable to financial coaching
 - content needed for working with lower-income client populations

Critiques of Financial Coaching

1. Coaches lack financial or counseling **expertise**
2. Counselors and planners **already** do coaching
3. Clients need more **structure** than coaching provides
4. The **costs** of coaching are too high
5. Coaches are not qualified to manage the **mental health** issues they encounter

Innovations

- **Combine coaching with peer-to-peer work**
 - Reinforce commitments to goals and help clients to learn from each other
- **Group education as a complement to financial coaching**
 - Topics such as insurance, retirement accounts, or tax planning
- **Client constraints as is appropriate**
 - Imposing structure, time limits and narrowing the field of choices
- **Default to phone or email as soon as possible**
 - establish trust but move to alternative methods of coaching as soon as possible

Recommendations

- **Solicit client feedback and move towards “graduation”**
 - Still adding value? Regular check ins
 - Coaching relationship needs to be brought to closure.
- **Strong measurement of goals, outcomes and client characteristics**
 - Reasonable reporting and data tracking responsibilities.
 - Newness of field provides an opportunity to establish standards
- **Explore more sustainable business models**
 - Less grant-dependent
 - Partnership and other models



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