Snapshots of Financial Coaching

Bank of America & Annie E. Casey Foundation Meeting
April 26, 2010
Context for Coaching

Financial Capacity Building

Information Models
- Disclosures
- Print/Web
- Interactive Web
- Workshops
- One:One
- Reminders

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

Mechanism Models
- Defaults
- Automatic Deposit
- Product constraints

Therapy – diagnosis / Treatment
- Self Control: External Monitoring
- Executive Attention
Typical Features of Coaching

• As used across fields
• One-one relationship over time
• Focus on self-actualization
  – Practice skills and strategies with support
• Generally goal-focused
• Typical client has potential to improve performance
  – Non-clinical; strengths based; non-crisis
# Coaching Models

<table>
<thead>
<tr>
<th>Staffing:</th>
<th>Setting:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pro bono expert</td>
<td>• Clients in Tax/IDA/other</td>
</tr>
<tr>
<td>• Paid staff</td>
<td>program</td>
</tr>
<tr>
<td>• Financial</td>
<td>• School/workplace based</td>
</tr>
<tr>
<td>professional</td>
<td>• Head Start</td>
</tr>
<tr>
<td>volunteer</td>
<td>• Other</td>
</tr>
<tr>
<td>• Lay volunteer</td>
<td></td>
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</tbody>
</table>
Snapshot: Data Sources

• Web Survey of CNM Students
• Centers for Working Families Survey by Abt Associates
• Mail Survey of Financial Clinic MoneyUP Tax Clients

All very preliminary: Draft not for quotation
Central New Mexico Community College
Student Survey

April 2010
Survey of 178 Students

- Sent to two groups of CNM Students
  - Offered Achievement Coaching (n=81)
    - "CLIENTS"
  - Other CNM students not explicitly offered Coaching as a comparison group (n=97)
    - "COMPARISON"

- Note:
  - all are CNM Students
  - Coaching not just $$ matters
Comparison Group as ‘Controls’?

In the past 12 months, how many times have you worked one-on-one with an achievement coach?

Source: CNM Coaching Survey
Comparison Not Exact Control Group But Close

Have you ever received the following services?

- Coaching from CNM: 66% (Clients), 18% (Comparison)
- Academic/career counseling: 82% (Clients), 76% (Comparison)
- Financial aid counseling: 81% (Clients), 67% (Comparison)
- Free tax preparation: 40% (Clients), 12% (Comparison)

Source: CNM Coaching Survey
Tendency Towards Women

Source: CNM Coaching Survey
Tend to Be Older

Source: CNM Coaching Survey
More Likely on Their Own

Source: CNM Coaching Survey
All Students Hold Few Assets

How much do you estimate you and your spouse/partner have in combined total savings? (excluding retirement)

Source: CNM Coaching Survey
Two-Thirds Have Debt; One-in-Five Debt > $5000

How much do you estimate you and your spouse/partner have in combined credit card debt and consumer loans? (excluding mortgage)

Source: CNM Coaching Survey
About Half Working at Some Level

- Employed Part-time: 14% (Comparison), 22% (Clients)
- Employed Full-time: 23% (Comparison), 19% (Clients)
- Not Working: 60% (Comparison), 51% (Clients)

Most Rent

- Live with family or friend: 32% (Comparison), 19% (Clients)
- Rent: 45% (Comparison), 66% (Clients)

Source: CNM Coaching Survey
About Half Have Children in their Homes

How many children or grandchildren under age 18 do you currently care for at home?

- None: 47% (Clients), 49% (Comparison)
- 1: 22% (Clients), 19% (Comparison)
- 2: 22% (Clients), 15% (Comparison)
- 3: 7% (Clients), 11% (Comparison)
- 4 or more: 3% (Clients), 5% (Comparison)

Source: CNM Coaching Survey
Coaching More Likely to Be $$ Focused

If you worked with an achievement coach in the past 12 months, what kinds of topics did you discuss with your coach (check all that apply)?

Clients (125 responses)
- Personal finance issues: 55%
- Academic issues: 71%
- Childcare issues: 5%
- Scholarships: 51%
- Employment and career issues: 29%
- Other issues: 16%

Comparison (54 responses)
- Personal finance issues: 25%
- Academic issues: 84%
- Childcare issues: 0%
- Scholarships: 25%
- Employment and career issues: 19%
- Other issues: 16%

Source: CNM Coaching Survey
Satisfaction:
Most Coached Clients Are Happy with Services

How satisfied are you with how well you and your coach work together to solve your problems?

- Very satisfied: 56%
- Satisfied: 31%
- Neither satisfied nor dissatisfied: 11%
- Dissatisfied: 2%

Clients (n=55)

Source: CNM Coaching Survey
What is the main reason you have never worked with an achievement coach in the past year?

Clients (n=23)

- Didn't know that I could work with a coach: 39%
- Too busy: 13%
- No problems to discuss: 13%
- I prefer to get help from my family and friends: 4%
- Other: 31%

Source: CNM Coaching Survey
Coaching Clients Show Signs of Less Financial Interaction; More Supports

Do you have a...

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Clients</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking account</td>
<td>73%</td>
<td>76%</td>
</tr>
<tr>
<td>Savings account</td>
<td>70%</td>
<td>77%</td>
</tr>
<tr>
<td>Retirement account</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>Matched Savings Account</td>
<td>13%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: CNM Coaching Survey
How do you rate yourself in the following areas during the last 3 months? (1=poor, 5=excellent)

- Controlling my spending: 3.2
- Planning for my financial future: 3.2
- Saving money: 3.2
- Following a budget: 3.1
- Investing money: 2.8
- Providing financial advice to others: 2.2

Source: CNM Coaching Survey
Most have Consumer Credit to Manage

How many credit cards do you have?

Clients (n=78)
- 0: 67%
- 1: 14%
- 2 or more: 19%

Comparison (n=95)
- 0: 59%
- 1: 19%
- 2 or more: 22%

Source: CNM Coaching Survey
Negative Financial Management Events Common

In the past 6 months have you...

- Paid a late fee on a bill: 47% (Clients) vs. 49% (Comparison)
- Received a phone call from a lender or creditor: 40% (Clients) vs. 44% (Comparison)
- Taken out a cash advance, title, or payday loan: 14% (Clients) vs. 14% (Comparison)
- Bounced a check: 10% (Clients) vs. 9% (Comparison)
- Been evicted or had a mortgage foreclosed: 4% (Clients) vs. 5% (Comparison)

Source: CNM Coaching Survey
Focus on Credit

Have you checked your credit report in the past year?

Source: CNM Coaching Survey
What is the level of your financial stress today? (1=no stress, 10=overwhelming stress)

If you had a question about a financial problem how confident are you that you could identify a solution? (1=not at all confident, 10=very confident)

If you had a financial problem how confident are you that you could find someone you trust to help you? (1=not at all confident, 10=very confident)

Source: CNM Coaching Survey
Have you ever received any of the following services?

- Consumer Credit Counseling: 29% Clients, 10% Comparison
- Bankruptcy counseling: 17% Clients, 11% Comparison
- Childcare assistance: 32% Clients, 14% Comparison
- Food stamps: 69% Clients, 54% Comparison
- Health care assistance: 43% Clients, 37% Comparison
- NM General Assistance: 37% Clients, 23% Comparison
- Temporary Aid to Needy Families: 31% Clients, 18% Comparison

Source: CNM Coaching Survey
CNM Findings: Overall

• Clients offered coaching had more needs
  – Slightly less access/ use of financial services
  – And connected to more services

• Some signals they may be in more financial distress
  – But also ability to address issues

• CNM Coaching model not exclusively about finances but some indications that given hardships of targeted clients, positive effects relative to comparison group
  – Can try more analysis, but challenges remain…
CWF Data from 3 Sites
Collected by Abt Associates¹ 2008

• n=168
  • Bon Secours of Maryland Foundation 55
  • Central New Mexico Community College 59
  • St. Louis MET Center 54

• 83 self-report that they met with a coach at least once in the past year
• 85 self-report never met with a coach

More Likely to Save

Thinking about the last year, which statement best describes your typical savings behavior?

- I save money when I can but this doesn't happen often (35% Coaching, 40% Comparison)
- I save when there is something specific that I want to buy (14% Coaching, 7% Comparison)
- I try to save a set amount on a regular basis (40% Coaching, 29% Comparison)
- I don't save any money, I spend all of my income as it comes in (11% Coaching, 24% Comparison)

Source: Abt Associates CWF Survey
Thinking about the past year, rate your Financial Behavior on a scale of 1 to 5 (1=Never, 5=Always)

- I put money aside for future purchases or emergencies: Coaching Clients 3.1, Comparison 2.8
- I comparison-shop or buy things on sale: Coaching Clients 4.0, Comparison 3.8
- I pay at least the minimum balance due on my credit cards or other bills: Coaching Clients 3.8, Comparison 3.2
- I pay my bills on time: Coaching Clients 4.1, Comparison 3.8
- I pay the total balance due on my credit cards, loans, or other monthly bills: Coaching Clients 3.2, Comparison 3.0

Source: Abt Associates CWF Survey
More Frequent Positive Behaviors

Thinking about the past year, rate your Financial Behavior on a scale of 1 to 5
(1=Never, 5=Always)

<table>
<thead>
<tr>
<th>Behavior</th>
<th>Coaching Clients</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>I check my credit report regularly</td>
<td>2.5</td>
<td>2.0</td>
</tr>
<tr>
<td>I evaluate my current insurance coverage regularly</td>
<td>2.7</td>
<td>2.4</td>
</tr>
<tr>
<td>I look for ways to cut expenses</td>
<td>3.8</td>
<td>3.6</td>
</tr>
<tr>
<td>I spend more than I earn</td>
<td>2.4</td>
<td>2.7</td>
</tr>
<tr>
<td>I set aside money for savings</td>
<td>3.2</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Source: Abt Associates CWF Survey
Greater Financial Security? Paying Expenses

Thinking about the last year, which statement best describes your ability to pay your essential living expenses, such as food, rent or mortgage, and utilities (e.g., heat, electricity, water, telephone)?

Source: Abt Associates CWF Survey
Greater Financial Security? Managing Debt

Thinking about the last year, which statement best describes your ability to pay any outstanding debt(s) you owe (e.g., for medical bills, credit cards, other loans)?

- None, not able to pay off any of my total outstanding debt (0%)
- Able to pay off some of my total debt (25%)
- Able to pay off half of my total debt (50%)

Source: Abt Associates CWF Survey
Thinking about the last twelve months...

- Have you bounced a check? 24% Coaching Clients, 15% Comparison
- Were you ever late in paying your bills? 60% Coaching Clients, 65% Comparison
- Did you ever borrow money from family or friends? 61% Coaching Clients, 63% Comparison
- Have you had a payday loan or an auto title loan? 9% Coaching Clients, 24% Comparison

Source: Abt Associates CWF Survey
Do you presently have money equal to three months of living expenses set aside for emergencies?

Have any of your utilities been disconnected?

Did you receive a work support or public benefit that helped increase your income?

Have you been contacted by a collection agency about an unpaid bill, debt, or unsettled claim?

Source: Abt Associates CWF Survey
Take Up of Coaching

IF NEVER MET WITH COACH: What is the main reason you have never worked with a CWF financial (or achievement) coach in the past year? (Check one) (n=85)

- Didn’t know that I could work with a coach 47%
- Other reason 26%
- Too busy with 9%
- NO financial problems to discuss 13%
- Prefer to get help from my family/friends 5%

Source: Abt Associates CWF Survey
Comparison with Abt Survey: Lack of Awareness
Most Common Reason

**CNM**
- Didn't know that I could work with a coach: 39%
- I prefer to get help from my family and friends: 13%
- No problems to discuss: 31%
- Other: 13%
- Too busy: 4%

**Abt**
- Didn’t know that I could work with a coach: 47%
- I Prefer to get help from my family and friends: 26%
- NO financial problems to discuss: 9%
- Other: 13%
- Too busy: 5%

Source: CNM Coaching Survey
Source: Abt CWF Survey
**Strong Satisfaction Ratings**

**IF HAVE MET WITH COACH:** How satisfied are you with how well you and your financial coach work together to solve your financial problems? (Check one)  
(n=81)

- Very satisfied, 56.8%
- Satisfied, 27.2%
- Neither satisfied nor dissatisfied, 14.8%
- Very dissatisfied, 1.2%

Source: Abt Associates CWF Survey
CWF Data Findings

- All Self Reported
  - likely positive selection
- But several indicators show stronger financial behavior for coaching clients
  - Basic financial management issues & behaviors
    - Bill payment and other issues
  - Also positive perceptions of services

- Not all clients interested
  - No problems or prefer not to use outsider
  - But most are: main issue is awareness
MoneyUP Survey

• n=428

• Mail Survey of 1,500 Tax clients from 2008-09
  • Linked to tax records
• Self Report if have goal or worked with Coach
• Mostly New York City: Bronx / Brooklyn zips
• Conducted Dec 2009 – Jan 2010
# Evidence of Positive Selection

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Have Goal</th>
<th>Coached</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use refund: Save for a financial goal</td>
<td>13%</td>
<td>16%</td>
<td>23%</td>
</tr>
<tr>
<td>More than $1,000 in savings</td>
<td>13%</td>
<td>15%</td>
<td>29%</td>
</tr>
<tr>
<td>Have any debt</td>
<td>44%</td>
<td>52%</td>
<td>64%</td>
</tr>
<tr>
<td>White</td>
<td>7%</td>
<td>8%</td>
<td>17%</td>
</tr>
<tr>
<td>College degree or more</td>
<td>49%</td>
<td>59%</td>
<td>76%</td>
</tr>
<tr>
<td>Income</td>
<td>$12,018</td>
<td>$13,766</td>
<td>$17,178</td>
</tr>
<tr>
<td>n</td>
<td>429</td>
<td>267</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: MoneyUP Client Survey
More likely to have Goals and Greater Confidence will Reach Goals

- Have Financial goal: 63% (All) vs. 83% (Coached)
- Very confident will achieve: 38% (All) vs. 48% (Coached)

Source: MoneyUP Client Survey
Linking Clients to Other Services

Do you know that the MoneyUP program could help you with financial issues outside of tax season?

Source: MoneyUP Client Survey
MoneyUP Data Findings

- Coaching clients among higher income, more savings etc
  - Consistent with coaching as performance enhancement for stable clients not in crisis
- Key link to goal formation and self efficacy
- May result in greater connectedness to other services and referrals
More Data in 2010?

- Wisconsin Pilots: volunteer and Head Start
- EARN
- LISC
- Others...?
Measuring Impacts?

- Self report + administrative data (FICO, account balances, etc)
- Valid comparison group
  - Ideal: Randomize offer
- But coaching has intrinsic bias of most motivated clients – hard to separate service from choice to participate
  - Focus more on mechanism: self control and executive attention