FINANCIAL COACH GUIDEBOOK

This resource guide is created to assist coaches as part of the Bank On Hampton Roads program.
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Bank On Hampton Roads developed a Financial Coach Program to help families establishing written financial goals and build a written plan for achievement of their goals. The foundation of any good plan includes establishing an account with a bank or credit union. Traditional financial institutions offer greater opportunity at lower costs.

**Unbanked and Underbanked:**

Research conducted by the Federal Deposit Insurance Corporation (FDIC) reveals that just more than a quarter of the U.S. population relies on alternative financial services. Of these 30 million households, 9 million are “unbanked” meaning they have no bank or credit union account. Additionally 21 million are “under-banked” meaning they have a bank account, but still use costly alternative financial services.

**Barriers to Banking and Increase of Predatory Products:**

Barriers to banking are most prevalent in low-income and minority communities. Almost 7 million households earning $30,000 per year or less are unbanked (70 percent of unbanked people). Additionally, 54 percent of African American Households and 43 percent of Hispanic households are either unbanked or under-banked.

The primary reason unbanked individuals cited for use of alternative financial services is convenience. These alternative services are typically located in close proximity to low-income neighborhoods and are often open during non-traditional hours when mainstream financial institutions are closed. Many low-income workers cannot take time away from their jobs to attend to financial needs.

**Municipal Response:**

In an effort to stave off the growth of poverty, as evidenced by the doubling of the Supplemental Nutrition Assistance caseload over the last 10 years, the cities of the region are taking the lead in developing strategies designed to increase the financial capability of low to moderate income Virginia Beach families. A Financial Challenge issued by the leadership of each city provides an endorsement for citizens to pursue greater financial security for themselves.

Each participant in the Financial Challenge will be participants in Bank On where they will receive:

- access to low cost bank and credit union accounts
- financial education to increase their financial knowledge
- a personal financial coach (you) to help empower them to make the necessary changes needed to maintain a stable financial plan.
What is a Coach?

Coaches provide education, assist the participant in articulating financial goals, monitor those goals and offer suggestions on how to reach those goals, as well as provide accountability if goals are not achieved. Coaches can also offer expertise on new approaches, including how to practice new skills and behaviors. The coach helps participants achieve more than they could on their own.

While far from definitive, key elements of coaching include:

1. a focus on long-term outcomes;
2. an ongoing, systematic, collaborative process for assisting participants to change behaviors;
3. support to practice new behaviors; and
4. build skills and teach content based on the participant’s unique needs and goals.

Coaches work more on self-mastery as opposed to prescriptive advice relying heavily on direction from the participant. The coach will always be focused on behavior change and skill building. Coaches meet people where they are to help them achieve self-determined goals. A coaching relationship is generally flexible depending on the individual’s needs and situation.

A good coach learns through a coaching process and sees all participant engagements as coaching opportunities. Too often novice coaches want to “help” participants by doing too much and being overly prescriptive. Coaches need practice to learn to ask questions and allow the participant to primarily drive the process.

Why Coaching?

The experiences of asset-building initiatives suggest that offering financial products or short-term financial training programs is not enough for participants to build substantial assets. Saving money requires self-restraint, confidence in investment decisions, and the strategic use of debt.

Financial coaching serves as a complement to financial education, although many coaches instruct participants on financial topics directly. Coaching focuses more on the aspects of financial literacy that participants need to achieve their financial goals. Coaches can also help participants practice specific skills and help monitor how well participants adhere to their action plans over time. Coaches might also refer participants to financial education workshops on special topics as needed.

The relationship between a coach and a participant – which takes time to build and needs to be designed to meet the needs of the participant - is critical to the success of the participant reaching his or her goals. This relationship or alliance must contain mutual respect, trust and freedom of expression. The coaching process is a participant-centric collaborative process in which the participant establishes financial goals and implements behavioral changes with the encouragement and support of the coach.
Establishing clear boundaries with the participant is essential: The participant should always own the decisions made. The coach is an encourager and a guide but the decisions belong to the participant.

Participants appreciate being empowered and held accountable to meet the financial goals they desire. But they also report they have great anxiety about financial issues, and are intimidated about the effort required to manage their finances more closely.

After some acclimation and trust-building with their coaches, however, even very-low-income participants are able effectively set and meet modest financial goals with assistance from their coach. Over time goals can become more aggressive and newly formed habits may become lifelong practices.

Bank On Hampton Roads Coach Responsibilities

1. **Complete Volunteer Process:**
   a. Complete application package with referrals
   b. Receive email to complete background checks
   c. Once background checks completed, you may begin volunteering.
   d. Volunteers must volunteer at least once per month or must reapply
   e. Volunteers must provide a monthly report of hours volunteered and progress made

2. **Confidentiality:**
   a. Personal client information must be maintained confidentially. If reaching out for external guidance, you can describe a situation or a need without giving personal details.

3. **Professionalism:**
   a. Volunteers may not engage in solicitation or promotion of personal services.
   b. Volunteers may not engage with a coaching client outside the coaching relationship without terminating that relationship.
   c. Volunteers should present a professional image and demeanor when assisting clients.

4. **Letter of Engagement:**
   a. Client and Coach must sign letter of engagement confirming the character of the coaching engagement.
   b. Copy of letter should be returned to Financial Empowerment for permanent records.

5. **Documentation of Appointments:**
   a. Coach should record each appointment with hours volunteered
      i. Allows program management to be informed about the participant follow through on coaching
      ii. Allows program to know how many hours are dedicated to volunteer service
   b. Link can be found in the volunteer section of Bank On website (www.bankonhr.org)
Who Bank On Hampton Roads Participants?

Bank On does not use eligibility criteria to determine whether a person may attend class. People who learn about what Bank On can do often choose to be a part of it for themselves. We are all on a financial continuum and each stage of life has its own challenges, but because participants receive personalized support, the goals they set for themselves can be as unique as they are. Bank On is organized to help people get to the next level from where they are currently. While Bank On can help people who are in financial crisis, more often than not, our students are working families who are challenged to meet their financial obligations.

**Young Adults:** Choices made in our lives as young adults can follow us for years to come. Making wise career and spending choices is essential.

**Single Parents:** 90% of all low income families are unmarried with dependents in their home. Single parents are often forced into high cost financial products because there is no savings and the needs are great. When our choices impact our children, there is a whole new dynamic in play.

**Military and Veterans:** Military often are separated from a family support network and may be called to move periodically. The logistics of managing spouse career and paying bills while deployed create special challenges. Veterans are challenged with the transition back to civilian life and re-establishing themselves after service. They may be faced with injuries resulting from service or have a lack of direction after separation. Bank On is organized to help military and veterans establish a sound plan and build a brighter future.

**Sandwich Generation:** Middle aged adults may have older children who still look to you for support as they complete education and establish themselves as adults while our parents are aging and needing more of our time, attention and perhaps even financial support to remain secure. The choices that come with supporting others while keeping your own plans in place for financial security can be draining. Bank On is organized to help guide people facing these choices maximize their own security while providing for the needs of their family.

**Persons in Transition:** Whether it is unemployment, divorce, retirement, relocation, or some other cause we all have times where we are moving from one phase to another. We move from being haves to have nots; or perhaps we have just inherited some money or have landed the job of our dreams. Having a plan in place to make the best use of what ever resources we have is important. The best time to make those plans is before a transition, so Bank On can help families as they establish themselves or re-establish themselves in a new phase of life.

**Financially Stressed:** With more month than money, more debt than assets, little savings, Americans face financial stress. Consumers added $57 Billion in credit card debt during 2014 according to Financial Buzz.com. The more we use debt to pay for the things we want and need, the more we take away from available funds for current expenses and prevent ourselves from saving for the future. Bank On is organized to help people break the cycle of debt and create a new reality.
Common Issues

While every Bank On participant has their own story, all have come for the purpose of improving their financial condition. Issues most common among Bank On participants are:

1. **No written goals or budget**: without a written plan people are left to react to momentary pressures and never develop a forward looking mindset.

2. **Little or no savings**: without savings, participants are prone to crisis when the next unexpected expense occurs.

3. **Heavy usage of overdraft and credit card debt**: reliance on debt for monthly purchases is a warning sign that either cash flow is not actively monitored or that the current lifestyle is not affordable. Heavy utilization of available credit can also lower credit scores.

4. **Poor credit**: with lower credit scores many transactions are more costly
   a. Interest rates on debt increase with lower credit scores
   b. Traditional loans may not be accessible (particularly for housing and auto)
   c. Jobs may be unavailable
   d. Housing may be impacted
   e. Insurance is more costly

Note: We all believe we are making the right choices for ourselves, but often participants may be focused on the external forces that created an instability in their finances rather than focusing on their behavior patterns that may have exacerbated their situation. As a coach, one goal will be to help the participant explore best practices in financial management so they can feel empowered rather than victimized. When establishing forward looking goals and organizing choices around them, participants see greater success and feel empowered to take on other goals.

Coaching Best Practices

It is the Coach’s responsibility to create an environment in which the participant can feel free to be open regarding their financial condition. Be sure the meeting location and conditions that create a feeling of hospitality.

- **Privacy** – Meetings must be held in an area where conversations cannot be overheard.

- **Limit Interruptions** - Interruptions can destroy continuity and undermine trust by making the participant feel unimportant. Make sure your phone calls are redirected and coworkers understand that interruptions are unacceptable.

**Key attitudes and characteristics make Financial Coaches effective:**

- **Be Supportive** – Don’t tell participants what they have to do or pass judgment on what they choose to do. Rather, help participants learn how to judge for themselves whether their actions are moving them toward or away from their goals.
• **Respect** – You know that participants are just as important as every other customer, but the participant may need to be reassured. Convey to the participant through words, hospitality and body language that they are valued.

• **Listen and Ask Questions** – Listen to what is said directly, and also how it is said (including body language). Ask questions to help clarify a participant’s real problem and to build on her own strengths and resources.

• **Educate and Motivate** – Encourage participants to take responsibility in resolving their own problems. Help them identify options in order to make good choices now and in the future.

• **Stay Informed** – Continue to learn about financial literacy topics and resources in the community to better serve your participants.

• **Know Limits** – Don’t fix participants’ problems for them (like giving money to pay debt), give investment advice or try to push products. Do know how to connect participants to useful resources in the community. (Resource listings located at the back of this guide).

• **Empathize** – Envision yourself in their shoes and the choices you might make in their same situation. That doesn’t mean that you approve of their practices, but that you understand what it might be like to be in their situation.

### Coaching Pitfalls to Avoid

• **Assuming that people share your beliefs and values.** These kinds of assumptions can lead to an air of judgment and create a barrier to the coaching process. Someone who is spontaneous in nature may not appreciate external pressure to save for the future. They enjoy living in the moment and may see that pressure as a lifestyle judgment rather than a means of helping them reach future goals.

• **Assuming we understand what the speaker is saying.** Use active listening techniques and restate for the participant what you think you heard to clarify and misunderstandings. Replay what they have said by saying, “I think I heard you say….., is that right?”

• **Use of business jargon, acronyms and technical terms.** Use simple terms that everyone can understand. For example, don’t assume that a person understands what an ACH or NSF is. Instead, speak in layman’s terms and explain the processes and how fees are determined.

• **Talking too much.** By controlling the conversation, you disempower the participant. Your goal should be to enlist their effort to change financial status. Their ownership of the process and their thoughts and concerns are as valuable to change as any educational instruction you may impart.

• **Never work alone.** You should never be alone in the building when coaching participants are present.

• **Sharing too much personal information.** Sharing your personal information can lead to unfair comparisons of lifestyles or could open you to vulnerability with your participant.
Coaching Myths

**Myth:** You can provide instant relief.

**Reality:** It will take time for the participant to restore balance to their finances.

**Myth:** When people end up in financial trouble, it’s always because they’ve spent too much.

**Reality:** Natural disasters, medical conditions, uninsured expenses, unemployment, divorce and other life events can severely affect someone’s finances.

**Myth:** Everyone will follow your recommendations.

**Reality:** Habits are hard to change and your recommendations may not be accepted by the participant.

**Myth:** Every participant will be as dedicated to making the program work as you are.

**Reality:** The participant’s dedication may vary, and they may not see the quick results they want or there may be other life events that disrupt the program.

**Myth:** If a program fails, it’s the participant’s fault.

**Reality:** Lack of cooperation from other family members and events beyond their control may make it difficult or even impossible to follow the goals of the program. The coach may also not clearly understand the participant’s real issues or effectively communicate the solutions.

**Myth:** If a program fails it’s the coach’s fault.

**Reality:** Not all participants will be motivated to make the changes necessary to affect their financial goals or they may have more pressing issues that need their attention at the current moment. A coach can encourage and give positive feedback, but ultimately the choice to change needs to rest with the participant.

**Myth:** You can help everyone.

**Reality:** Some people may be in such dire financial straits that standard measures are unlikely to be effective. Others will refuse to follow your advice. A few face addictions and other conditions that may make change impossible until they hit bottom.

**Myth:** Everyone wants to pay off their debt.

**Reality:** Some people are perfectly happy with manageable levels of debt.
Stages of Coaching

**Stage 1: Crisis** – Participant has experienced some event that has created a crisis in their financial planning. Primary goal: move out of crisis.

1. Get Help: Connect the participant with some community resources equipped to assist during crisis: see reference material at the end of this guide.
2. Listen to the participant and empathize. Ask questions for additional information.
3. Identify one or two potential actions to assist during crisis.
4. Review assets available for short term liquidation through crisis.
5. Begin to identify an initial goal for the participant to work toward during crisis.
6. Data gathering – establish a realistic picture of assets, liabilities, income and expenses.
7. Appointments likely to be arranged around paydays.

**Stage 2: Relief** – Participant has addressed some of the symptoms of crisis and may be feeling better about their financial situation. Primary goal: living within means – sustainable spending plan.

1. Participant may feel more confident about their finances after crisis and believe that they have addressed all their issues.
2. Education about the need for a sustainable spending plan is introduced.
3. Participant tracks spending for at least 30 days to identify all the monthly cash flows.
4. Participant breaks down spending into “Controllable” vs. “Uncontrollable” items.
5. Develop strategies for reduction of debt.
6. Prioritize needs and reconsider wants.
7. Adjust spending and/or income.

**Stage 3: Recovery** – Participant is living payday to payday but within a sustainable spending plan that meets monthly needs. Continue visiting spending plan for adjustments to increase savings.

1. Savings needed for:
   a. Emergency (unexpected) costs
   b. Irregular expenses – gifts, vacations, maintenance, etc.

**Stage 4: Vitality** – Assets building for long-term needs.

1. Savings for home ownership and education
2. Participation in employer retirement plan
   a. Maximize any employer match
Special Needs of Low-Income Families:

1. Lower-income participants are less likely to need the most complicated services professional planners provide, such as trusts for estate planning or sheltering income from taxes.
2. A low-income participant will have few financial assets
3. Low-income families may be less likely to have retirement or insurance benefits through their employer.
4. Low-income participants may be eligible for public benefits or special private programs to pay for health care, housing and education costs. Moreover, participant eligibility for programs can be affected by how their assets and debts are managed.
5. Credit management is critical for low-and moderate income households given the amount of debt relative to income available. Often with decisions around budgeting and basic cash management, credit, medical debt and insurance are high priorities, while savings and investing are secondary considerations.
6. Low-income participants frequently lack experience with financial institutions or products and will require appropriately designed products, with features that may differ from the needs of more affluent households.
7. Low-income populations face more pressure on their time and resources. This results in less ability to pay fees, less flexibility in work schedules to attend sessions, and increased attrition from programs.

Types of Cases Received:

Fixable with Minor Expense Cutting:
- As you work with the counselee and evaluate each expense category, you probably will be able to suggest some options for reducing expenses. Most of the time, the food and miscellaneous categories can be reduced. Be sure to address the subject of sufficient life insurance and the need for a will.
- Homework assignments will likely include: tracking expenses for 30 days, creating a debt list, involving the family in creative cost cutting measures.

Fixable with Increased Income and Expense Cutting:
- If unsecured debt is not a problem, then proceed with evaluating the actual monthly expenses. After each expense category has been reduced as much as possible, if there is still a negative monthly balance, address the possibility of additional income. Part-time work is still an option. There may be opportunities to involve local charities and agencies for assistance.
- Explore creative opportunities for earning additional income. Capitalize on hobbies and talents they possess. Often a person who is “handy” can earn some extra money doing repairs or maintenance. Childcare may be an option for a stay at home mom or telecommuting part-time for someone with computer skills.
● If unsecured debt is a problem, help them evaluate if there is enough income to meet the payment obligations with expense reductions. If so, map out a debt repayment plan. If they cannot gain sufficient income to address the payment needs, consider having the participant work with a credit counselor credentialed by the National Foundation for Credit Counseling (www.nfcc.org).

● If the participant uses a debt management plan, your role is to help them build a plan for a long term sustainable budget. The counseling agency will create a debt repayment plan, but the participant will need to have continued assistance to build healthy habits.

Not Immediately Fixable:

● Most of the time, unsecured debt will be a serious problem.

● Many times the participant will have a car lease rather than a loan. Check the lease to see if there are any options for surrender if needed. Frequently, payoff of the lease is greater than the market value of the car. Check to see if there is a provision for assuming the lease. If there are no other options available, the participant will need to keep the car and reduce other categories to accommodate.

● After completing all participant strategies for cost cutting and increased income, consider benevolence programs with local non-profits, area religious groups or 2-1-1 (www.211virginia.org) financial helps.

● Survival may be the goal for a while. Weekly meetings may be necessary to help the participant decide how each paycheck will be spent.

● Eliminating small debts and obtaining second or third jobs should be a priority. Once the participants finances are stabilized a little you will be able to begin establishing a budget.

● Garnishments and judgments may be a reality for this participant

● Regular collections calls are likely
Analyzing Financial Statements:

**Budget:**
- A budget gives you a sense of where the participant intends for their money to be spent.
- A budget is a prospective look at intended cash flows and gives spending direction and boundaries. Actual cash flows will often vary from the budget, but should be a close representation.
- Often an initial budget created by a participant will include just the fixed expenses like their regular monthly payments.
  - Irregular or variable expenses may be overlooked. Look for these types of expenses to be sure that the budget is a good indication of real life:
  - Income should be gross income before taxes so that the participant can consider the cost of additional benefits that may be withheld from salary.
  - Withholdings should be reflected in budget categories such as taxes, insurance, investments, etc.
  - Grocery expenses should be based on an average spent for groceries. If there are bank statements you can sometimes get an estimate based on transactions listed, otherwise, start with a best guess and then begin tracking expenses.
  - Single participants will likely spend less on groceries and more on eating out as that is also where much of their social activity occurs.
  - Even if there is a savings amount listed in the budget if the income is less than expenses, there usually is no savings occurring. The shortage must come from the balance sheet in the form of borrowing or savings reduction.
  - In the medical category, include both insurance premiums and copays for all forms of medical and prescription services.
  - Irregular expenses such as clothing, gifts, back to school, school activities, holidays, vacation etc may be overlooked in the budget. Encourage the participant to begin planning for these expenses by averaging expenses for a year and setting aside savings to cover the costs.
  - If the budget is negative (income less than expenses) ask probing questions about how expenses are funded. There may be other sources of income not revealed because they are unearned or irregular. If the income is accurate, the funding of expenses must come from a reduction in assets (savings) or increase in liabilities (borrowing).

**Net Worth Statement:**
- A net worth statement shows assets and liabilities as of a particular date as a snapshot of financial condition.
- Assets on the net worth statement can be considered in emergency situations for liquidation to allow the participant to meet their obligations.
- Liquid assets should be considered first for use if needed. Illiquid assets may be harder to sell and harder to value.
• Retirement assets may have a penalty associated with liquidation as well as a tax liability. Use only as a last recourse.
• Note: liquidation of assets should only be considered to bring debt to a manageable level or to address a one-time anomaly. Asset liquidation does not provide long term benefit if the participant’s monthly budget is regularly negative.
• The goal of any financial empowerment program is to increase long term assets while managing monthly cash flow. Asset building should not be sacrificed in order to have greater monthly cash except on a very short term basis.
• Liabilities list in the net worth statement should be a reflection of the liabilities found on the annual credit report.
• Additional liabilities may include creditors that do not report to the credit bureaus such as past due utilities, rents, personal loans etc.
• If assets are greater than liabilities, the participant has the ability to meet obligations.

Annual Credit Report
• Annual Credit report is a good source for listing liabilities as there may be debts in collections etc that the participant may not be paying regularly and may not consider in listing debts.
• Annual Credit Report may not reflect all liabilities. Ask about past due bills, rents, and personal loans that might not be reported.
• Annual Credit Report will reflect bills that are in collections and will identify judgments and negative actions
• Each person in the household will have a separate credit report. Only joint accounts will be reflected on both credit reports
• Review credit report for accuracy to determine that all debts are properly recorded participant should use corrections to credit report letter to dispute items.

Monthly Bills
• Often the participant may not know what they owe in total or what the terms of the contract are. Monthly statements can often give an indication of the interest rates, penalties and available balances.
• Monthly Bills can often provide information about the terms and conditions of the arrangement.
• Utilities: if the participant is on a monthly payment plan with a utility company, they may not want to alter the arrangement until their paid balance is positive.
• Utilities: look for any additional or overage charges that might be reflected on the bill.
• Utility companies will offer an energy review to help determine how to save on utility costs. Look on utility company websites for energy savings tips.
• Cellphone: look on bill for actual usage compared with the amount of minutes and data allowed by the plan.
• Cellphone: look for additional charges for services not used or needed.
• Cable/Internet: evaluate whether the charges are necessary. Additional packages can be adjusted to provide greater cash flow during the month.
• Credit Cards: look for auto renewal charges and fees for services not used.
• Credit Cards: look for penalty fees and interest charges.

Bank Statements
• Bank Statements often can tell a lot about monthly cash flow. Regular monthly charges can be taken from bank statements to help fill in gaps in the budget.
• Review for maintenance fees and penalty fees. Discuss methods for reducing fees and keeping more cash for necessities.

Investment Statements
• Participants who are enrolled in employer retirement plan may not know how much has been accumulated over time. Many offer the ability to access their statement on line or offer a printed statement quarterly.

Tax Returns
• Tax returns can be a source for verification of income where income is irregular or not fully disclosed.
• Tax returns can also be informational:
  ○ Did the participant receive a refund last year?
  ○ Does the participant owe back taxes?
  ○ Did the participant qualify for the Earned Income Tax Credit, Child Tax Credit or Dependent Care Credit?
• Some information may not be currently tracked but could provide benefits during tax time:
  ○ Out of pocket medical and prescription costs (premiums and copays)
  ○ Mileage to and from medical appointments
  ○ Personal Property Taxes
  ○ Real Estate Taxes and interest
  ○ Donated items to charity
  ○ Charitable contributions
  ○ Mileage for charitable volunteer work
  ○ Cost of child care
  ○ Out of pocket tuition and fees
  ○ Business related expenses not reimbursed
  ○ Cost of tax preparation
First Coaching Session:

**Welcome:** greet the participant warmly making eye contact. Ask an opening question, like "did you find our office OK?" or "how was the traffic today?" or "beautiful weather outside, isn't it?" The goal is to establish a cordial rapport. Offer a chair and perhaps a drink if available.

**Introduction:** take a moment to introduce yourself and what your role is with the financial institution and with Bank On. As a coach, your role will be to serve as a resource for information, to encourage and to keep the participant moving toward their goals.

**Ground Rules:**
- This is a voluntary relationship and the participant is encouraged to be proactive in reaching out to you.
- The participant is expected to attend all meetings that are established between them. If the participant identifies a conflict with a meeting they should proactively contact you as soon as possible.
- You as the coach will help them accomplish their goals and complete the Mayor's Challenge if participating, with information, accountability and encouragement. You are not responsible for completing the challenges on their behalf.
- Both of you will need to be committed to accomplish the task ahead.
- Sign the Participant Agreement indicating that they understand the relationship.

**Engage Participant:** Ask the participant to tell you a little about themselves. Tell them you will be taking a few notes as they go along to help you. Use Personal Profile Sheet to capture some of the basics as they tell a little about themselves.

Usually, you don’t need to ask a lot of questions if the participant is sharing freely. The questions you will need to ask are clarifying questions. Example: I heard you say "......", does that mean "?????"

Remember, for a few sessions terminology may be an issue and being clear about what is meant by certain terms can be critical to understanding.

If needed, ask open ended probing questions – as much as possible, you want to find some of the emotional triggers behind the financial behaviors. Example: How does it make you feel when you run short on money prior to payday? Or If you were to change your financial picture, what would it look like?

**Goal Setting:** On the first session, you should establish a very general goal of what the participant hopes to accomplish by participation. In future sessions you will help them develop this
into a SMART goal with tangible actions that can be completed to help them reach their dreams. Also, there will be other goals developed in future sessions as well, but this will help them focus on their reasons for continuing your work together and will be something you can refer back to when they get tired or discouraged.

Suggested Question: “If we are to be successful together in helping you to reach your goal, what would that look like”? Or “Describe success for me so I can know if we have reached our destination together.”

**Follow Up Actions:** Provide the participant a couple of things they can do before your next meeting. Suggestions:

- Begin tracking expenses
- Attend next Bank On class
- Start a basic budget that you can build in the next session
- Bring financial statements to next session (credit card, loan statements, etc).

**Establish Next Meeting:** Until the participant has a working budget, you will want to schedule meetings just prior to paydays so that you can talk through the decisions around cash flow.

**Confirmation:** Thank the participant for taking time to work together and assure them that you are on their team to help them reach their goals. It took some strength of character to take the first step in meeting with you so acknowledge their effort and tell them you look forward to working with them as they move forward.

**Making Adjustments:**

Getting greater financial control may mean spending some time examining what elements of the spending plan can be adjusted to tighten down on spending leaks while providing more money for the things that are really important.

**Increase Income** - Increasing income through overtime or a second job can be a way to get the client over a hump. Every budget has two sides: income and expenses. If expenses exceed income, either income must increase or expenses must decrease. It doesn’t have to be long term, but an extra boost to help though a tight spot can be a real help.

The client might even consider turning a hobby into an extra income source so they can make some money doing what they love to do. For some, extra income is a necessity for maintaining self-sufficiency. In those cases it is important to consider your career path and whether you can grow your income longer term. Someone making minimum wage will find managing housing and transportation expenses a challenge. If there are children as well the challenges are even greater. For low-income clients, exploring ways to grow
career options with a career coach may be helpful. Central Library offers volunteer career coaches. To schedule an appointment they can contact the information desk at the library.

**Mitigate Expenses** - This means finding a way to fund needs with minimal cash outlay. For instance, can the client swap babysitting services with a friend or neighbor to cut the cost of date night? Perhaps they can find a way to get along with something less expensive until able to save a little more. If they are planning on a movie, are there less expensive alternatives to the theater? Lessening these expenses allows you more money to fund the other categories of your spending plan.

**Cut Other Expenses** - Cutting back on other categories of the spending plan may be necessary to make ends meet or to fund emergency savings. Use the **Financial Decision Tree** to determine what categories are most controllable.

For instance, in the housing category of my spending plan are there some things that can be controlled in the short term? Perhaps minimize utility usage or cut the cost of telephones. Discretionary expenses like eating out, entertainment, savings, or clothing might be more easily controlled in the short term, but if your client has to eliminate an expense to get you over a hump, remember to make a plan to add some living back into the budget as soon the crisis has passed.

**Tap Savings** - Savings is there for when something unexpected comes, but always have your client make a plan to restore that fund as soon as they can. They don’t know how much time they have until the next emergency. Savings is part of our longer term financial security blanket, so always consider shorter term adjustments before moving to reduction of savings.

**Sell Assets** – Is there something hanging around not being used or some heirloom they can part with can help generate a little extra cash? Selling assets may be a means to helping through a tight spot. Clients can consider yard sales, listing on internet or posting at work if allowed.

**Debt** - While not a long term solution, sometimes using a credit card for an emergency and then making a plan to pay it off. It is important that in using debt that you don’t create a long term problem that can’t easily be addressed. Too often people find themselves in financial stress because of their debt, so use debt sparingly and repay as quickly as possible. Another solution related to debt might be to use an asset that has equity such as a home or a car to restructure the regular debt payments for the household so that monthly expenses are more manageable. This will likely lengthen the term of debt, but stretch out the payments enough that they can breathe a little easier.
Websites:

- 2-1-1: call 2-1-1 or website [www.211virginia.org](http://www.211virginia.org) directory of non-profit resources
- Annual Credit Report: [www.annualcreditreport.org](http://www.annualcreditreport.org)
- Ballpark Estimate (retirement calculator) [www.choosetosave.org/ballpark](http://www.choosetosave.org/ballpark)
- Credit Karma [www.creditkarma.com](http://www.creditkarma.com) offers free monthly Transunion score and Credit Scorecard
- Credit Sesame [www.creditsesame.com](http://www.creditsesame.com) offers free monthly Experian score
- National Foundation for Credit Counseling: [www.nfcc.org](http://www.nfcc.org) Accredited credit counselors
- Smart About Money – [www.smartaboutmoney.org](http://www.smartaboutmoney.org) educational resource for overcoming financial crisis
- South Hampton Roads EITC Coalition: [www.shreitc.com](http://www.shreitc.com) Free tax preparation
- Virginia Saves: [www.virginiasaves.org](http://www.virginiasaves.org) join the savers who have made the commitment to increase savings and reduce debt