

## Appendix C: Financial Coaching

### What is financial coaching?

Financial coaching is a one-on-one approach to helping someone build financial capability. Financial coaching uses the principles of professional or life coaching to help clients achieve the life they want to live through a focus on financial management. Practitioners of financial coaching generally emphasize that money and finance represent one area of an individual's life that when addressed can help lead to fulfillment in all areas of life.

Financial coaching is a mutual commitment between the coach and the individual (commonly called the client within the coaching field)

Financial coaching when coupled with financial education may achieve better outcomes for young people. Why? Financial education provides a foundation of financial knowledge and skills, ability to use tools and resources and the chance to develop new attitudes or feelings about financial topics in a group-based environment with the support of peers. Financial coaching provides an opportunity for individual application of new information, skills, tools, resources, attitudes and feelings in pursuit of specific goals with the support of a financial coach.

### How is financial coaching different from other forms of individual support?

Financial coaching is a proactive, goals-focused approach. Financial coaching involves helping young people:

- Clarify what they really want in their life.
- Understand the financial knowledge, skills, resources and abilities (their strengths) they have that can be used to help reach their goals.
- Identify specific, actionable steps they can take to make progress toward their goals.
- Sort through alternatives (generated by the young person generally) when faced with a problem or an obstacle.

#### **Definition of Coaching from the International Coaching Federation**

Professional Coaching is an ongoing professional relationship that helps people produce extraordinary results in their lives, careers, businesses or organizations. Through the process of coaching, clients deepen their learning, improve their performance, and enhance their quality of life.

In each meeting, the client chooses the focus of conversation, while the coach listens and contributes observations and questions. This interaction creates clarity and moves the client into action. Coaching accelerates the client's progress by providing greater focus and awareness of choice. Coaching concentrates on where clients are now and what they are willing to do to get where they want to be in the future.

Source: Excerpted from the International Coach Federation (ICF) and available with other materials on [www.coachfederation.org](http://www.coachfederation.org).

- Identify financial or community resources they can use to solve a problem or work toward a goal.
- Commit to taking an agreed upon step or accomplishing specific tasks.
- Make progress toward their goals through the accountability of follow up and feedback.

This differs from financial counseling which tends to be reactive. Financial counseling is crisis or problem oriented and involves solving a problem as quickly as possible with the staff person providing support often identifying possible solutions and guiding someone toward a specific resolution.

Financial coaching also differs from financial therapy, which tends to focus on the emotional or psychological root causes of financial challenges, habits and behaviors.

### **When should financial coaching be used with a young person?**

Financial coaching is appropriate for a young person when they are ready to take specific steps and actions toward achieving their goals.

Financial coaching may not be a good fit if the young person is:

- Not ready to start working toward his/her goals.
- Not ready to make a regular commitment to working with a coach.
- In crisis and needs to solve an immediate issue—lack of house, facing eviction, loss of a job, change in placement, etc.

Even if a young person is not ready to start financial coaching today, he or she may be ready and want to engage in financial coaching at some point in the future.

#### **The Top Ten Ways Excellent Coaches Work**

Here is what you can do as a coach to facilitate excellent progress in your clients.

1. Create a safe place for clients to be and to explore themselves.
2. Listen, probe, intuit, have dialogue, search for truth and meaning.
3. Increase the awareness of your clients and their situation.
4. Uncover client goals, desires and hopes, with time lines.
5. Explore possibilities and avenues to these potentialities.
6. Create systems and processes to translate client desires into regular actions for success.
7. Be a model of how your coaching displays your life philosophies and ways in the world.
8. Be unconditionally accepting and supportive of clients.
9. Align client values with their goals and their style in the world.
10. Be a broad, deep, potent resource for clients in every way.

Source: Excerpted from the International Coach Federation (ICF) and available with other materials on [www.coachfederation.org](http://www.coachfederation.org).

## What makes financial coaching work effectively?

There are three essential ingredients to successful financial coaching:

1. A committed financial coach that has been trained in providing financial coaching to young people working towards their goals.
2. A young person (client) that is ready and willing to work toward his or her goals.
3. An agreement to regular meeting using a combination in-person, phone-based or other electronically-based meetings. Regular meetings are the lifeblood of the coaching process in that the accountability they provide keeps the client (young person) moving forward from week to week.

## Who can be financial coaches?

Currently, financial coaches include professional coaches, financial educators providing an additional service to their clients, and volunteers from the community recruited, trained and matched by a financial coaching program often housed within community-based organizations.

Financial coaches do not have to be financial professional to be effective coaches. In fact, some programs have found financial professionals are not as effective as people from the community who may be able to relate to the clients. Financial coaches should be:

- Excellent listeners.
- Good at asking questions.
- Good at allowing the young person to identify different courses of action and make decisions (i.e., is not directive with the young person; allows the young person to make his/her own choices).
- Able to hold the young person accountable for action steps.
- Knowledgeable of resources and other sources for referrals in the community.
- Able to keep appropriate boundaries with the young person (i.e., meet as agreed and within parameters outlined in the coaching agreement).

In all likelihood, Opportunity Passport™ Staff are likely to provide financial coaching to young people unless the number of young people who want financial coaching exceeds their capacity. If Opportunity Passport™ Staff implement financial coaching with non-staff, responsibilities include:

- Recruiting volunteers.
- Interviewing volunteers and ensuring they are a good fit for the program (Do they want to work with young people? Are they able to commit to meeting with young people once a week or twice a month for up to a year or more?)

- Providing volunteers with training on coaching, basic financial concepts and tool to use in the coaching process.
- Matching volunteer coaches with young people.
- Monitoring the coaching relationship through regular communication with the volunteer coach and young person.

Some programs use simple assessment tools to screen volunteers. Assessments for a financial coaching program within Opportunity Passport™ could include questions such as:

Do you enjoy working with young people?	YES	NO
Do you understand some of the unique financial issues that young people in or transitioning from care face?	YES	NO
If no, would you be willing to learn more about some of these unique issues?		
Would you feel comfortable working with a young person who has different views on things like family, religion, social status, consumption and other things that may affect their financial lives? <sup>1</sup>	YES	NO
Would you feel comfortable saying “I don’t know” if the young person asked a question that you do not know the answer to?	YES	NO
Would you be comfortable with a young person making a decision with respect to his/her finances that you do not agree with?	YES	NO
Are you aware of some of your own attitudes and beliefs about money and how these impact your own financial decisions? How they may influence you to view or judge the financial decisions of others?	YES	NO
Are you willing to become familiar with resources and referrals available in the community?	YES	NO
Are you willing to share issues, challenges or concerns you have with the financial coaching process if they should arise?	YES	NO
Are you willing to establish and maintain clear boundaries in your relationship with the young person?	YES	NO
Sometimes clients do not show up for their appointments. Would this be okay with you? <sup>2</sup>	YES	NO

Questions that potential coaches answer “no” should be explored through follow up questions to help determine whether the staff person or volunteer is a good fit to be a financial coach for young people in Opportunity Passport™.

<sup>1</sup> From assessment tool developed by Foundation Communities, a partner of United Way of the Capital Area, Austin, TX.

<sup>2</sup> From assessment tool developed by Foundation Communities, a partner of United Way of the Capital Area, Austin, TX.

Training for financial coaching involves ensuring the financial coaches have:

- Basic financial information and knowledge that is relevant to young people (provide financial coaches with ***Keys to Your Financial Future***).
- Tools that can be used with young people in the context of their coaching sessions (***Keys to Your Financial Future***).
- Knowledge of community resources that can be used in working toward goals.
- Excellent listening skills.
- Ability to frame questions to help move the young person forward.
- A framework for creating accountability with the young person from meeting to meeting.

## How does the financial coaching process work?

After a young person is matched with a financial coach, they have an initial meeting. The purpose of the **initial meeting to ensure a fit between the financial coach and young person and to establish parameters as well as direction for the relationship**—financial coaching is a partnership, so it must fit for both the financial coach and the individual being coached. During this meeting, coach asks questions that elicit information about what:

- a. The young person wants to do as a result of the financial coaching process.
- b. The young person's likes and strengths, opportunities and resources.
- c. The young person's dislikes and current areas of need.

The meeting is also used to define:

- The scope of the relationship. This should be outlined in a preliminary way during this initial meeting.
- Mutual covenants to help guide the relationship. (Both the scope and covenants should be reviewed and updated periodically.)
- The initial meeting should conclude with:  
Identification and codification of priorities for action AND  
Outcomes for the coaching process.

A coaching agreement should be developed and signed. Signing the agreement may be a second or third meeting activity to give the coach and client plenty of time to review and revise the agreement.

**Subsequent meetings should be established at regular intervals and can occur in person, via phone or via online communication.** A mix of all three can be effective depending on the client.

While the specific content of each meeting will depend on the work done in prior weeks and the focus the young person wants to take, each meeting should be bridged with specific actions to support achievement of the young person's goals.

## **What tools and resources should a coach have access to or use?**

The following is essential:

- A signed coaching agreement among the Opportunity Passport™ site, the coach and the client (young person)

Other tools that can be useful:

- A notebook for the coach and client to keep ideas, resources, questions answered and action plans all in one place.
- Templates for action plans.
- Templates for financial planning—goal setting templates, budgeting templates, cash flow templates, credit report review templates, decision making matrices (how to choose a financial institution), etc. *Keys to Your Financial Future* contain these tools.
- Links to calculators and other online tools or apps.
- List of community resources and potential referrals for issues too technical for the financial coaching process. (Note: The financial coach can provide a list of resources and referrals; the action plan can include steps to use a resource or referral. Follow up meetings can be used to check in to see if the action steps were taken and how the resource or referral helped.)

## Example Tools:

### Financial Coaching Boundaries

- I will keep information shared within coaching sessions and other communications with the client (young person) confidential unless given permission by the client to share with others or in cases where the client may be in imminent danger.
- I will keep appropriate physical, sexual and emotional boundaries with the client. While my role is to be supportive, I will not violate the professional nature of this relationship by engaging in an intimate relationship with the client.
- I will conduct coaching sessions in a public location or at the Opportunity Passport™ offices.
- I will not steer or coerce the client toward a particular financial decision or course of action or a financial product or service.
- I will provide financial information in as unbiased a manner as possible.
- I will not share information about which I am unsure or do not have knowledge. I will say “I don’t know, but let’s find out together” when I do not know.
- I will not provide direct financial assistance to the client, i.e., I will not pay bills, cover rent, lend money for car repairs, provide childcare services, etc.
- I will not take phone calls more frequently or outside of the hours discussed and agreed to in the coaching agreement.

My initials by each statement above indicate I have read and understand and promise to follow these coaching boundaries.

Coach Signature		Date	
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Opportunity Passport™ Staff Signature		Date	



## Financial Coaching Agreement

### As the client, I agree to:

- Participate in the financial coaching program.
- Show up as agreed to financial coaching meetings whether in person, on the phone or online.
- Be prepared for my coaching meetings accomplishing or working toward accomplishing the steps outlined in previous coaching sessions. This shows that I respect myself, my coach and his/her time and the financial coaching process.
- Be honest in my communications with the financial coach including my progress toward goals, obstacles encountered and other successes or challenges encountered that are relevant to the goal of the coaching.
- Conduct information gathering and research on my own behalf; I understand it is not the financial coach's job to find things out that I can find out myself.

### As the client, I understand that:

- The financial coaching program is a benefit to me and the financial coaching process is about working toward my own goals with the support, information and accountability provided by a financial coach.
- If I cannot make a meeting, I will give my coach at least 24 hours' notice if possible using a form of communication agreed upon with the coach.
- I am ultimately responsible for the results of financial coaching. If I do not put in the time, effort and work required, I will unlikely reach my goals.

My goal(s) for the financial coaching program at this time is:

Client Signature		Date	
Opportunity Passport™ Staff Signature		Date	

As the coach, I agree to:

- Participate as a financial coach in the financial coaching program.
- Show up as agreed to coaching meetings whether in person, on the phone or online.
- Be prepared for my coaching meetings.
- Be honest in my communications with the client.
- Refrain from judging my client’s situation or financial decisions even if they differ from the direction I would take myself or recommend.
- Be supportive while holding my client accountable to the steps, tasks and goals she/he is working towards.
- Provide timely information and useful tools to facilitate the coaching process.
- Keep the information shared by the client confidential unless given permission by the client to share with others or in cases where the young person may be in imminent danger
- Seek assistance from those managing the financial coaching program should challenges or problems arise.

Financial Coach Signature		Date	
Opportunity Passport™ Staff Signature		Date	

This relationship will begin on: \_\_\_/\_\_\_/\_\_\_\_\_

It will end on: \_\_\_/\_\_\_/\_\_\_\_\_ unless this agreement is modified.

Together we agree to meet:

- 1 time per week
- 1 time every other week
- 1 time per month

We will meet:

- In person at: \_\_\_\_\_.
- On the phone
- Via Skype
- Using an online chat or instant message program
- It will depend on the week

If the client wants clarification on tasks outlined in a coaching session action plan or needs additional assistance, the client may contact the financial coach between the following hours: \_\_\_\_\_ to \_\_\_\_\_

On these days (circle the days):

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
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Via (circle the acceptable methods of communication):

phone	text	email	online chat	other:
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If we need to cancel our meeting, we will give at least 24 hours' notice and use the following contact:

Client Contact for Cancellation	
Financial Coach Contact for Cancellation	

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Client Signature		Date	
Financial Coach Signature		Date	
Opportunity Passport™ Staff Signature		Date	

## Situation Assessment

Assessment Question	Response		Notes or Follow Up Questions
Do you have regular income?	YES	NO	What is the source of the income?
Are you able to save some of your income each time you are paid?	YES	NO	If yes, where is the money kept?
Do you have an emergency fund with at least \$500 in it?			If yes, where is the money kept?
Do you have a safe, affordable and secure place to live?	YES	NO	
Do you have reliable and affordable transportation?	YES	NO	
Do you have a vision for where you want to be in your life?	YES	NO	
Do you have written goals?	YES	NO	
Do you have a positive credit history?	YES	NO	
Do you have good credit scores (FICO Scores over 700)?	YES	NO	
Do you have debt?	YES	NO	If yes, how much debt? What kind of debts do you have?
Do you use a checking account to pay your bills?	YES	NO	If no, how do you pay your bills?

**If you could solve one financial challenge you have having right now, what challenge would it be?**

**What resources do you think would make the biggest difference in your life?**



## Plan for Action

What issue or challenge did I hope to solve?

My goal as a result of our meeting today:

Strategies I Commit to Implementing	People I need to involve (How they need to be involved, i.e., what do I need them to do)	Resources I need	Deadline

How will I know that I solved this issue or challenge?

What I anticipate I would like to work on during our next meeting.

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By signing this document, I am committing to taking the action outlined above to help achieve my goals for the financial coaching program and better results in my life.

Client Signature		Date	
Witnessed by (Financial Coach Signature)		Date	