



Financial coaching: An emerging approach to building financial capability

“Working with [my coach] has given me the confidence to continue making positive choices. I now know that I can pay my rent and do not have to worry about being homeless ever again.”

—Financial coaching learner

Situation

Traditional approaches to financial education, such as workshops and newsletters, are well-suited for teaching money management skills. But simply knowing how to handle one’s personal finances does not always translate into good money management.

A relatively new approach to financial education, known as financial coaching, is emerging as a way to help learners achieve their personal financial goals and make the essential leap from knowledge to action.

A key component is helping individuals tap into their own motivation and values to not only reach goals, but to maintain positive financial behaviors in the future.

Response

Since 2010, 38 University of Wisconsin-Extension family living educators in 36 counties have completed training in the use of coaching for financial education. Trainings include techniques for coaches to help learners identify financial goals, create action plans to meet these goals, and adopt best practices for follow-up and accountability.

Educators who used the coaching techniques reported that coaching allowed them to develop trust and better rapport with their learners. They also said that learners seemed more “empowered” and “positive” about the goals they were setting.

In a December 2013 survey of family living educators, 21 workshop participants reported integrating financial coaching into their financial education efforts. The extent to which coaching techniques were used depended on the county’s educational needs, available resources, community partnerships and programming priorities.

Some family living educators used financial coaching techniques, such as learner-directed goal setting, in existing workshops and budget counseling to nudge learners toward adopting positive financial behaviors while other educators created new programs.

In 2013, 492 learners received financial coaching from trained UW-Extension family living educators. Counties with small populations reported offering financial coaching directly to learners as a complementary approach to more traditional educational methods. In larger counties, family living educators were more likely to work with community partners to create financial coaching volunteer networks. Both approaches have demonstrated benefits to helping learners realize their personal financial goals.

Outcomes

Financial coaching is grounded in the principle that learners select their own personal financial goals and are motivated to follow through on them. Family living educators who offer financial coaching report that their learners set and achieve multiple

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goals, such as creating a budget, tracking spending, and paying down debt.

Here are some examples:

- In 2013, **St. Croix County** family living educator Joan Sprain conducted financial coaching with 12 participants. Learner behavior changes included gaining the ability to pay rent, check a credit report, take steps to improve credit, and pay off court fines. All learners created a budget and some succeeded in increasing work hours.
- In **Richland County**, family living educator Peggy Olive reported similar results. Financial coaching was offered to individuals who participated in financial education workshops or individual counseling, and who expressed a need for additional support. Since 2010, 34 financial coaching participants have demonstrated success, including reducing spending to free up additional income for paying down debt; checking credit reports; paying off judgments and collections; and saving for future purchases or emergencies.
- In **Dane County**, financial educator Susan Taylor provides financial coaching through the Financial C.H.A.N.G.E. program, offering training for volunteer financial coaches willing to work with participants for 6 months. Before being matched with a volunteer coach, each learner attended a financial education program or was referred by a community organization. Learners then attended a one-on-one budget counseling session at the Financial Education Center and identified goals, which ranged from paying down debt and balancing a budget

to saving for a new home. Learners and volunteer coaches worked closely with Financial Education Center staff, and all participated in exit interviews. In 2013, 63 volunteer financial coaches were trained. Of the learners matched with a coach, 78 of the 84 made progress toward or completed their goal. Those who were coached demonstrated the ability to maintain stable housing, pay down debt, and start emergency savings.

- In **Portage County**, family living educator Sherry Daniels trains new coaches every year for Financial Wellness of Portage County—a free program that matches any individual or family with a trained volunteer financial coach. Coaches help clients create a budget, set financial goals, find community resources, and follow up to see that progress is being made towards desired financial goals. In 2013, 27 volunteer coaches served 63 individuals/families through *Financial Wellness of Portage County*, representing a 17% increase in the number of families served in 2012. In a survey of families at the end of coaching, 100% said that their confidence in managing their finances had improved. Almost all (80%) reported that they were better able to keep up with their bills and that their ability to save had improved. Portage County UW-Extension conducted an additional follow-up phone survey with previous coaching clients to evaluate long-term behavioral changes. Comments included: “Going to see my financial wellness coach has helped my family to stay afloat instead of sinking;” “Creating a written budget for

the first time in my life was an eye opening experience;” “Please keep this program running. I can’t say enough. I am truly thankful.”

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UW-Extension educators and volunteers now offer financial coaching in half of all Wisconsin counties. Financial coaching is not right for every learner, but is proving to be a powerful approach for individuals wanting additional support and accountability to move forward on their goals. Whatever the financial goal a learner selects, a UW-Extension or volunteer financial coach is a critical link.

To learn more, visit <http://fyi.uwex.edu/financialcoaching>.

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