October 2016

Implementing financial coaching: Implications for practitioners

Practitioner Brief

Consumer Financial Protection Bureau

About CFPB Research, Tools, and Resources for Financial Educators

An essential part of the mission of the Consumer Financial Protection Bureau (CFPB or Bureau) is to empower consumers to take more control over their financial lives. Since the Bureau opened its doors in 2011, we have worked to improve the financial literacy of consumers in the United States and to ensure access to tools, information, and opportunities for skill-building that they need to manage their finances.

The Bureau's principal financial education mandate is set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Dodd-Frank Act created the Bureau and mandated the establishment of an Office of Financial Education to "be responsible for developing and implementing initiatives intended to educate and empower consumers to make better informed financial decisions." 12 U.S.C. § 5493(d)(1).

To better help consumers make well-informed financial decisions and achieve their own life goals, we at the CPPB have sought to increase understanding of three broad areas: consumer financial behavior, the financial education field, and effective practices in financial education.

We conduct research in these areas to inform the CFPB's own financial education efforts and to share our insights with others who have a common interest in improving the financial well-being of consumers.

The CPFB's goal for its financial education activities is to help consumers move towards financial well-being. In the CFPB's definition of financial well-being, consumers:

- have control over day-to-day, month-to-month finances
- have the capability to absorb a financial shock
- are on track to meet financial goals, and
- have the financial freedom to make choices that allow one to enjoy life

To learn more, visit the Resources for Financial Educators webpage at http://www.consumerfinance.gov/adult-financial-education

To get regular updates on CFPB research, tools, and resources for financial educators, sign up for the CFPB Financial Education Exchange (CFPB FinEx) by emailing CFPB_FinEx@cfpb.gov.

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1. Executive summary

The mission of the Consumer Financial Protection Bureau is to help consumers by consistently and fairly enforcing rules in the marketplace and empowering consumers to take more control over their economic lives. Based on a rigorous randomized control study of financial coaching (or "coaching"), the Bureau sees financial coaching as one approach that can empower consumers with the skills they need to improve their financial well-being.

In 2011, the CFPB commissioned the Urban Institute to conduct a study of the impact of financial coaching on consumers.[1] This study (referred to here as the Financial Coaching Impact Study) was the first of its kind to rigorously evaluate the impact of access to financial coaching on consumers. The study evaluated financial coaching programs at two nonprofit providers – The Financial Clinic in New York City and Branches in Miami, Florida.

The Financial Coaching Impact Study found that coaching clients at both organizations benefited from the financial coaching program in material ways. Clients offered financial coaching had increased savings and lower debt. They also reported making progress toward their personal financial goals. Each client has their own specific circumstances and priorities,

[1] Theodos, Brett, et al. (October 2015). "An Evaluation of the Impacts and Implementation Approaches of Financial Coaching Programs." Urban Institute. Washington, DC. Available at http://www.urban.org/research/publication/evaluation-impacts-and-implementation-approaches-financial-coaching-programs. This study was conducted by the Urban Institute under contract with the CFPB after selection through a competitive solicitation (contract number CFP-12-Z-00006).

but the improvements in savings, debt management and basic financial behaviors, as well as lower financial stress and greater satisfaction, are evidence that financial coaching helps people enhance their financial capability and well-being.

For a more in-depth discussion of the findings and method, which used a rigorous, randomized control model, please see the companion research brief.[2]

As part of the overall Urban Institute study, the Annie E. Casey Foundation funded a process evaluation, which allowed researchers to conduct site visits, observe program operations, and interview program staff and participants. The process study offered insights into the practice of successful coaching that can inform the financial education and coaching field.

This brief discusses the process and results of the Financial Coaching Impact Study to help financial coaches and other financial educators seeking to integrate these techniques into their work. The study showed that coaching is a flexible approach that can work for many types of clients with a wide range of financial goals. The lessons from the study also suggest that clients will have varying levels of take-up of and engagement in coaching, depending on their individual needs and other demands on their time and attention. Coaching practitioners can set their expectations accordingly and develop a service delivery model that is based on the needs of clients, the capability of the organization, and the strengths of the financial coach.

We hope that the key learnings and implications in this brief, based on the ground-breaking Financial Coaching Impact Study, will help inform financial education practitioners who are interested in learning more or in adding coaching to the services they offer to clients.

[2] Financial Coaching: A strategy to improve financial well-being, CFPB (2016). Available at http://files.consumerfinance.gov/f/documents/102016_cfpb_Financial_Coaching_Strategy_to_Improve_Financial_Well-Being.pdf

2. Background on financial coaching

Financial coaching draws from solution-focused therapy, an approach grounded in the idea that clients want to change their financial behaviors, are able to direct the changes they most want to achieve, and can actively work to practice and sustain their achievements.[3] Financial coaches view clients as being self-directed, resourceful, and creative problem solvers.[4] The coach is not there to fix problems for the client, but rather to support clients in making their own decisions about their goals and actions.

Financial coaching uses a "strengths-based" approach. This means that coaches focus on improvements, rather than deficiencies or problems. Clients are encouraged to define what they do well and build on those strengths. Ideally, the coaching approach empowers clients to take more control over their personal finances and financial management behaviors. Coaching also can help people feel more confident about their financial lives.[5]

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[3] O'Connell, B., & Palmer, S. (2007). Solution-focused coaching. In S. Palmer & A. Whybrow (Eds.), Handbook of coaching psychology (pp. 278-292). New York: Routledge.

[4] Browne, C., & Mills, C. (2001). Theoretical Frameworks: Ecological Model, Strengths Perspective, and Empowerment Theory. In R. Fong and S. Furuto (Eds.), Culturally Competent Practice: Skills, Interventions, and Evaluation (pp. 10-32). Boston: Allyn & Bacon.

[5] Weick, A, et al. (1989). "A Strengths Perspective for Social Work Practice". Social Work. 34 (4), pp. 350-354.

This strategy encourages clients to think critically when considering what is most important to them in their financial lives, and how best to achieve their personal financial goals. Financial coaches generally do not directly intervene or act on a client's behalf. Instead, coaches hold clients accountable to take on financial planning and other tasks on their own, providing guidance, subject matter expertise and encouragement during the process. Financial coaches encourage clients make their own financial goals, help clients refine strategies to achieve those goals, and follow up to help clients focus on their intended actions.[6]

Common strategies used by financial coaches,[7] which may also be used in other forms of financial education and counseling, include:[8]

- **active listening**—focusing on what the client is saying and framing the meaning of what is said in the context of financial goals;
- **using silence** – giving clients time to think before offering a response and being comfortable with silence while clients collect their thoughts;
- **reflecting** – repeating back key words and phrases to help clients know they are being listened to and to encourage reflection and build trust;
- **summarizing**– synthesizing common themes or patterns in the client's goals and plans, focusing on areas for improvement and growth, without being judgmental;
- **asking** —asking open-ended questions, allowing clients to reflect and explore new insights, while refining or affirming their personal financial goals and intended actions;

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[6] Collins, J. M., & O'Rourke, C. M. (2012). The Application of Coaching Techniques to Financial Issues. *Journal of Financial Therapy, 3* (2) 3. http://dx.doi.org/10.4148/jft.v3i2.1659

[7] http://assetfunders.org/images/pages/AFN_FinacialCoaching(WEB_version).pdf

[8] Whitworth, L. (2007). *Co-active coaching: New skills for coaching people toward success in work and life*. Davies-Black Publishing.

- **looking forward** – focusing on future goals and plans driven by the client, keeping clients from dwelling on the past and instead focusing on their strengths, options and what to do next
- **accountability** - holding clients to measurable goals with specific deadlines, helping clients practice self-discipline, celebrating successes when they occur.

3. Coaching programs in the study

Financial coaching is a relatively new approach to financial education.[9] Branches and The Financial Clinic, the two programs evaluated in the Financial Coaching Impact Study, each serve different communities of clients with different needs. Therefore, each program developed a financial coaching model customized to their clients. Each site used different models for delivering coaching, recruiting clients, and managing coaching cases.

Branches is a faith-based nonprofit organization that provides financial services, child care, and tutoring in the greater Miami, Florida area. Financial coaching at Branches is offered within a unit that also provides programs related to housing, income, health care, and financial services. Other financial services offered at Branches include free federal income tax preparation, consumer credit counseling, disaster relief, and emergency financial services for families.[10] Branches has two main sites in the North and South of Miami-Dade County and a number of satellite offices across the county.

The Financial Clinic is a nonprofit financial services organization in New York City. The Financial Clinic is organized into three main divisions, including (1) financial education and coaching, (2) consulting with external organizations on strategies for reaching underserved

[9] See http://cfs.wisc.edu/papers/CollinsMurrellORourke2012_Interviews.pdf

[10] Theodos, et al Page 19

populations, and (3) advocating for policy reforms to improve the financial environment for the working poor and their families.[11] Besides financial coaching, The Financial Clinic offers free income tax preparation services, a program to help clients manage lump sum payments such as tax refunds, and a program that helps people to apply for financial aid to attend college. The Clinic's financial coaching services are often provided in collaboration with community-based partners.

[11] Theodos, et al. Page 20

4. Key learnings

4.1 Financial coaching program design

Both Branches and The Financial Clinic had existing financial coaching programs, but both organizations adjusted their programs slightly for the study. The following section describes the structure of each program as it existed for the study.

4.1.1 Branches

Branches structures financial coaching as a one-on-one model where professional coaches offered services based on specific client needs and goals. Coaches worked with approximately 60 new clients in the Miami-Dade County community annually, in addition to any clients returning from previous years. Coaches monitored their clients' progress towards their goals and provided support for those goals during each coaching session. The coaching sessions typically lasted 60 to 90 minutes, and were offered in three different languages. The median length of engagement of clients served in this study at Branches was two months. Financial coaches also regularly referred clients to other services at Branches and in the community.

For the coaching study, some coaching clients were enrolled based on referrals from community-based nonprofits in the Miami area, but most (82%) were public employees working in municipal government.[12] The mean age of coaching clients at Branches was 44 years, and 14% of Branches coaching clients had a Bachelor's or graduate degree. The average income for clients was $39,417 at Branches, while total debt levels were $56,250, on average.

Branches coaches typically met with clients alone in private offices or conference rooms. Since county government employers were the largest source of referrals for financial coaching services to Branches, some coaches held sessions at county offices.

4.1.2 The Financial Clinic

For the coaching study, The Financial Clinic also mainly provided one-on-one financial coaching sessions, although clients were encouraged to bring along other household members as appropriate. Coaches at The Financial Clinic followed a more structured model, with a focus on addressing specific client goals or concerns in the initial meeting.

Coaching clients at The Financial Clinic showed signs of being more financially vulnerable than those at Branches. For example, 33% were not working when the study began, and only 52% had a savings account. Most clients came to the program through partner organizations, though about 28% of coaching clients were recruited through The Financial Clinic's income tax preparation program. The Financial Clinic clients had a mean age of 41. The average household income was $22,100 for The Financial Clinic, and the average total debt level was $10,893.

Financial coaching took place at partner organizations who hosted financial coaching and free tax preparation services.. The Financial Clinic also offered workshops on credit and money management at partner locations across New York City. These workshops introduced clients to various financial empowerment concepts, and were used to pique client interest in financial coaching. Each Financial Clinic coach worked with a caseload of about 60 clients per year. During their first session, clients completed a financial assessment and set goals. Clients were

[12] Theodos, et al. Page 24

also referred to other services as needed. The median engagement of clients who received coaching at The Financial Clinic was four months.

The Financial Clinic coaches met with clients in a wide variety of environments, from private offices to cubicles and conference rooms. When coaching sessions were held at community partner organizations, private sessions were often held in more conventional meeting rooms and offices.

KEY LEARNING:

Coaching is a flexible approach that can work for many types of clients.
Social service practitioners can apply financial coaching in a wide range of settings and for different types of clients. Each coaching program focused its coaching activities on issues and goals targeted to the individuals and communities they served. For example, clients at Branches had higher levels of debt and often identified debt reduction as a goal. Consequently, Branches coaches often worked with clients on debt reduction strategies.[13] The Financial Clinic clients, on the other hand, were more likely to identify money management as a goal,[14] and thus coaches there focused more on tasks such as establishing emergency savings accounts.

IMPLICATIONS FOR PRACTICE:

By design, coaching is very flexible. Adapt the coaching program design to meet the needs of the individuals and communities you serve.

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[13] Theodo, et al. Page 63

[14] Ibid.

4.2 Client interest in financial coaching

One of the biggest challenges for both coaching programs was getting clients into an initial coaching session.[15] Every participant in the Urban Institute study initially expressed interest in attending financial coaching. People who were not interested in coaching were screened out. Yet, less than half (46%) of individuals across the two sites who were offered coaching services as part of the study actually attended at least one coaching session.[16] At Branches, 63% of participants offered coaching never attended a coaching session, and at the Financial Clinic, 44% of participants offered coaching never attended a coaching.

Examining which clients actually attended coaching, however, offers some insights. At both locations, clients with higher credit scores were more likely to attend at least one session. Clients who entered the program later in the study at both locations were also more likely to attend coaching when offered, as outreach and recruitment for the study may have improved over time.

Overall, Urban Institute researchers found that financial coaches initially needed to establish credibility with clients. Once clients had the opportunity to participate in the coaching experience, they were more receptive to the service.[17] In interviews, coaches cited high levels of motivation, willpower, passion for change, and dissatisfaction with their current financial situation as potential reasons why clients took up coaching.[18] Reasons related to lower take-up

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[15] Theodos, et al. Page XIII

[16] Calculation based on raw data in Theodos, et al, Table ES.1

[17] Theodos, et al. Page 97

[18] Theodos, et al. Page XIV

included emergence of a personal crisis, amount of travel required to access coaching, and learning that coaching would not constitute a "quick fix." In other words, financial coaching may not be the most fully effective -- though still helpful -- service for clients who needed an immediate or emergency assistance, or those who did not have the time or bandwidth to take part in a program with a longer-range focus. In addition, there were factors related to the ease of accessing coaching that are addressed in the next section.

KEY LEARNING:

Take-up of coaching by clients is often lower than expected. Not everyone is able or interested in meeting with a financial coach, and even some who have signed up for coaching do not actually show up for services. Coaching programs should consider investing time and resources in recruiting clients, perhaps targeting clients who have defined, concrete financial goals. Clients who are not interested in self-directed, goals-based financial coaching may benefit from referrals to other types of financial education or other programs. Some degree of drop-off of clients who had expressed interest in coaching can be expected, and programs may want to incorporate this likelihood into their planning.

IMPLICATIONS FOR PRACTICE:

To the extent possible, target coaching services to the extent possible to clients who are likely to engage in and stick with coaching, such as clients who are not in crisis and who have defined financial goals.

4.3 Engaging coaching clients

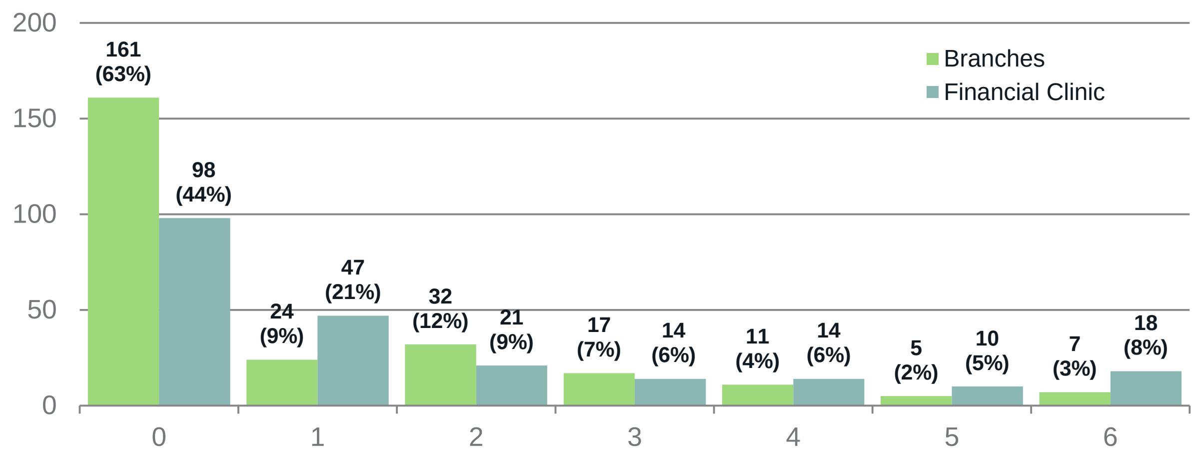
Although financial coaching in principle involves follow-up by coaches over time with clients, in practice many clients only attended one coaching session. Figure 1 shows the distribution of the number of coaching sessions at the two sites for the 46% of clients who at least attended one session. Of those financial coaching clients who attended an initial session, the average number of sessions was 2.7 at Branches and 3.1 at The Financial Clinic. Across the two sites, only about

20% of coaching clients who initially came to any coaching sessions ultimately attended five or more sessions.

In general, both organizations used the first coaching session to begin establishing trust with clients and to build rapport. First sessions also often included pulling the client's credit report and discussing money management patterns. At Branches, the coach asked the client to sign a Financial Stability Plan, which included the clients' goals, and was intended to help clients feel a sense of accountability. The first visit was often structured to provide substantial value on its own. Because of the high frequency of single sessions for coaching clients, The Financial Clinic extended their initial coaching session from 60 minutes to 90 minutes in length. This allowed the coach more time to provide the client with resources to develop a plan to reach goals, providing value even if the client did not return for additional sessions.[19]

FIGURE 1:

Number of Coaching Sessions Attended by Individuals Offered Coaching



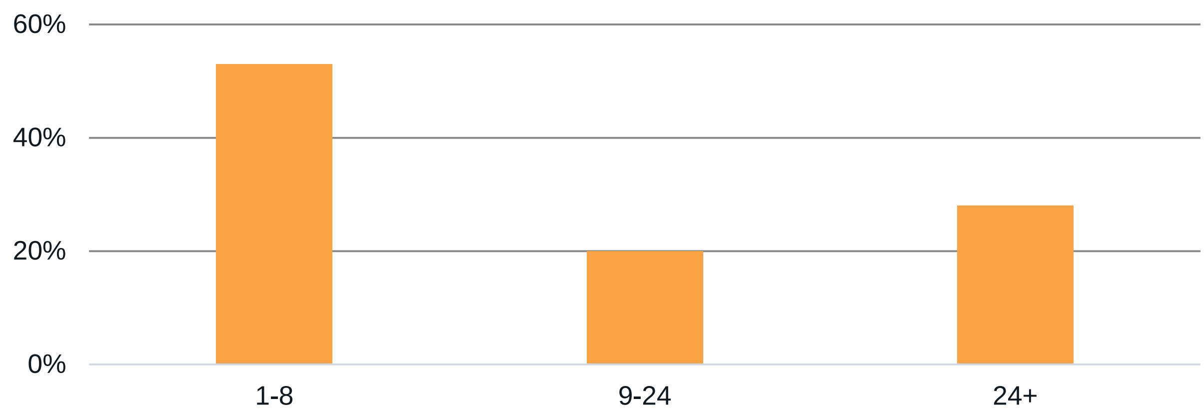
Source: Theodos et al. (2015), Figure ES. 1.

[19] Theodos, et al. Page 61

Figure 2 shows the total length of time clients were active in the two coaching programs, on average across the two sites. Just under 30 percent of clients active in coaching stayed engaged in the program for more than 24 weeks (six months). The majority engaged with coaching for 8 weeks or less. During interviews, coaches told researchers from the Urban Institute that they considered an ideal cycle of coaching to last between 8 and 12 weeks, with some people remaining for a second cycle, and other clients completing coaching with one cycle.[20] The majority of clients followed this pattern of engagement for about two months.

Figure 2:

Number of Weeks Clients Who Attended Coaching Stayed in Program



Source: Calculation based on data in Theodos, et al Table 7.4

[20] Theodos, et al. Page 86

Both Branches and The Financial Clinic attempted to offer coaching services in multiple locations, and both programs had coaches who traveled to client sessions rather than having clients travel to them. Despite this effort, transportation was a common barrier. Clients who lived or worked closer to the coaching locations were more likely to show up for scheduled sessions.[21]

KEY LEARNING:

Coaching clients have varying levels of engagement in coaching services.

Financial coaching clients are likely to have a range of needs and interests in engaging in the coaching process. Some may attend one or two sessions and be done with the program in a few months; others may seek more sessions over a longer time. Coaching programs have to maintain flexibility to address both shorter- and longer-term client needs. Because some clients do not show up for more than one session, maximizing the benefits of the first session to the client is important.

Also, geography and transportation are important factors to consider in the design of a financial coaching program. Programs may benefit from exploring technologies to follow-up, such as text messages and online communication, as well as telephone-based coaching, that can reduce the time and travel required to access coaching.

The positive impacts found by the study confirm that even with a few sessions, coaching can help clients improve their financial situation.

[21] Theodos, et al. Page 94

IMPLICATIONS FOR PRACTICE:

- Make it easy and convenient for clients to participate in coaching.
- Pay attention to initial impressions and encourage financial coaches to engage clients quickly and effectively.
- Make the first session valuable and actionable in case clients do not return for additional sessions.

4.4 Financial coaching topics

Urban Institute researchers interviewed coaches and clients about the coaching process at both sites. Credit issues were the most common reasons clients sought financial coaching services at both sites. Other common reasons for seeking financial coaching included an interest in improving budgeting behaviors, reducing debt levels, increasing financial stability and financial knowledge, as well as increasing savings levels.[22]

Not surprisingly, reviewing credit reports was a key activity in financial coaching sessions. As one Branches coach told Urban Institute researchers about the issues clients most often discussed: "...credit, big C. big C. Credit, credit, credit...increasing credit score, just having too much debt, debt-to-income ratios."[23]

The reasons for focusing on credit varied. At Branches, where clients tended to have steady employment but were in a housing market that had been negatively impacted by the recession starting in 2007, high debt was a major concern. At Branches, 24 percent of participants noted

[22] Theodos, et al. Page XIII

[23] Theodos, et al. Page 62

housing as their primary motivation for taking part in financial coaching, slightly higher than the rate of the clients that Branches recruited through homeownership programs, which was 18 percent.

At The Financial Clinic, clients expressed worries about being able to access credit and to make up for past delinquencies and credit problems. Many clients at The Financial Clinic were using revolving credit to fund basic living expenses, reflecting these clients' lack of steady employment and low incomes in a high-cost urban market.

Coaches at both sites worked with clients on budget goals and spending plans, and encouraged clients to contact creditors to try to work out repayment plans. As one client explained, her coach "showed me how much money I was spending… helped me see how I could manage my money better, and when you itemize all your stuff, you can see it then."[24] Clients also worked with coaches on strategies around which bills to pay first and how to pay off various debts. Some clients used online tools and technology; others relied on traditional methods for tracking spending and prioritizing payments.

KEY LEARNING:
Issues with credit and debt are often the key interests and motivation of coaching clients. The specific needs and goals of each client were different, but credit and debt were common themes—more frequent than saving or investing. Coaches are typically not credit counselors, but they may work in complementary ways with counselors and debt management programs. Credit scores and debt balances are also easy to measure and mark progress toward a goal.

[24] Theodos , et al . Page 79

IMPLICATIONS FOR PRACTICE:

- Have activities, tools, and referrals related to credit and debt issues in place as resources to coaching clients.
- Emphasizing credit improvement and debt repayment in outreach and marketing may be a good way to get clients in the door.

4.5 Client success

The results of the study overall showed that access to financial coaching had a positive impact on clients, though specific results varied by individual participant. According to coaches interviewed for the Urban Institute study, the impact of financial coaching mainly depended on the client's motivation. Coaches mentioned the importance of willpower, passion for making change, patience, and dissatisfaction with the current state of affairs as signifiers of clients who follow-through on plans and goals. In one Financial Clinic coach's words: "If I look for a common thread, really, it's typically passion or fatigue. Meaning, they're really, really, really passionate about changing their lives or...they're really tired of just...not being able to be financial secure or buy certain things, do certain things, and that they know that they can do better, they just don't know how."[25]

Coaches from Branches and The Financial Clinic found that when they built rapport and trust with their clients, those clients were more likely to be successful. Successful financial coaching clients seemed to understand that coaching was *not* a "quick fix" for their financial problems. Clients who are in financial crisis may find the pace of coaching does not match the need presented by their current situation. One Branches coach explained that, "a lot of the work is put

[25] Theodos, et al. Page 80

on the client. That's kind of the big difference, that we're not counselors,[and if] they're not buying into it as much as we are, then there's only so far we can go…"[26]

Coaches reported having clients who were uncomfortable with talking about their personal budget and finances, and even more so when a client's spouse or partner was involved. As one Branches coach told researchers: "She was doing great. I had two sessions with her…. She was very motivated. And then all of a sudden, she mentioned that her husband really didn't like the idea, because we touched budget and finances. And he was the one, you know, bringing in the money. And he said forget it, so that was it."[27]

There were also many positive coaching success stories coming out of the two coaching programs studied. For example, one client at The Financial Clinic "renegotiated her credit card debt, automated her IRA contribution [and] start[ed] paying more than the minimum payment on her credit cards"[28] as a result of coaching. A Branches coaching client reported concentrating on "eliminating her credit card debt…she pays $400 on her outstanding card balance every month."[29] She also started saving $100 each paycheck to cover expenses related to the impending birth of a child.[30] These and other client success stories provide a sense of the kinds of financial actions clients may take by participating in coaching.

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[26] Theodos, et al. Page 82

[27] Theodos, et al. Page 95

[28] Theodos, et al. Page 76.

[29] Theodos, et al. Page 68.

[30] Theodos, et al. Page 69.

KEY LEARNING:

Clients bring a wide array of motivations and challenges to the table.

Coaches have to balance supporting clients with putting the bulk of the work on the client to do. Coaching clients are resourceful; financial coaches need to determine how to expose and nurture each client's motivation effectively. Clients in the study described successful coaches who helped them refine their financial goals to make them more actionable, provided emotional support, and acted as their "cheerleader" in taking financial actions.[31]

IMPLICATIONS FOR PRACTICE

Begin by exploring and understanding the motivations and challenges of coaching clients.

4.6 Background of coaches

While accreditation and certification programs for financial service providers do exist, neither coaches at The Financial Clinic nor Branches had formal coaching accreditation. Instead, both organizations recruited staff from various backgrounds and then trained them to perform financial coaching services.

Branches administrators expressed a preference for coaches with business and financial planning backgrounds from the non-profit sector or from for-profit financial services. Branches coaches generally had work experience in the non-profit sector or for-profit financial sector before coming to Branches. For example, one coach at Branches had been a certified public accountant for many years, and two others were from small business development programs.

[31] Ibid.

The Financial Clinic initially had two different types of financial coaches participating in the study: first, Financial Fellows, who were recent college graduates who signed on to be coaches for one-year terms of service; and second, career coaches who had experience in both the social services and the financial sectors. Financial Fellows were typically new to the community and had no prior experience providing financial advice. As the study proceeded, it became easier to consolidate training into a dedicated professional coach who could devote as many hours as possible to the financial coaching, so The Financial Clinic eventually switched to offering financial coaching with in-house professional staff only.

All of the coaches in these two programs specialized as coaches. Thus, the study does not provide insight as to whether other types of staff such as caseworkers or counselors can switch back and forth from a more prescriptive counseling role to a coaching role.

KEY LEARNING:

Multiple approaches to training and staffing of financial coaching programs can be successful. There are a variety of approaches to financial coaching, training and staffing. Some successful financial coaches in this study came to the position without previous coaching experience, and were provided with staff training on the job.[32]

IMPLICATIONS FOR PRACTICE:

Explore options for recruiting, deploying, and training coaches that fit best with your organization's needs and capacity.

[32] Neither program in this study used accredited coaches. Thus, this research does not compare accredited coaches to coaches trained in some other way.

4.7 How financial coaching supports financial well-being

In 2015, the CFPB released a detailed discussion of a consumer-driven definition of financial well-being.[33] That study found that consumers associate financial well-being with being able to pay bills on time, having an emergency fund or other sources of financial resilience, and making progress toward financial goals. Study participants who were offered financial coaching show evidence of improvements in all of these areas.

Clients offered financial coaching had increased savings, lower debt and reported to be making progress toward their personal financial goals. Coaching clients also saw positive effects through reduced financial stress and an increased sense of control over finances. Each client has their own specific circumstances and priorities, but the improvements in savings, debt management and basic financial behaviors, as well as lower financial stress and greater satisfaction, are evidence that financial coaching can help people to enhance their financial capability and well-being.

Financial well-being is an outcome of changes in behavior, which is the focus of financial coaching, and of experiencing the resulting successes. The CFPB's research into financial well-being suggests that helping people engage in the behaviors that will help them achieve their goals and experience financial well-being may require helping them develop new attitudes and practice new skills, not just acquire knowledge. And in fact, the coaching clients in this study achieved their gains in money management behaviors and resulting financial and subjective outcomes without any observable gains in factual knowledge as measured.

[33] *Financial well-being: The goal of financial education*, Consumer Financial Protection Bureau (2015), *available at* consumerfinance.gov/reports/financial-well-being/.

IMPLICATIONS FOR PRACTICE:

Focus on building skills and motivations during the coaching process, not just on providing knowledge and instruction.

5. Conclusion

The rigorous evaluation of The Financial Clinic's and Branch's programs has demonstrated the potential of financial coaching to help consumers improve financial behaviors, reduce stress, and make progress on financial goals. To realize the potential of financial coaching, financial educators who want to implement coaching in their own organizations can build on the implementation lessons shared in this brief. Coaches used a strengths-based approach and allowed clients to identify their own goals and make their own decisions. This allows financial coaching to be a flexible approach that can work for many types of clients. By using a client-driven, strengths-based approach, financial coaches can work on a wide spectrum of goals and outcomes, with a wide spectrum of clients.

The lessons from the evaluation also suggest that it is important to have reasonable expectations about coaching. Coaching is not appropriate for all clients, and not all clients who express initial interest in coaching will engage for multiple sessions, or engage at all.

It is also important to note that financial coaching is a specialized, intensive intervention. Any organization considering financial coaching needs to develop a service delivery model that is based on the needs of clients, the capability of the organization, and the strengths of the financial coach.

For potential coaching clients, it is also important to set expectations. Financial coaching does not mean that a client will receive the answers to all of their questions, nor will they achieve their goals right away. Instead, the coaching relationship will depend heavily on each individual client's dedication to discuss and pursue his or her own goals over time, and modify behaviors that they themselves identify as barriers to their goals.

For financial educators who do not offer financial coaching, there are elements of the coaching approach that can be used in other settings. The results of the study support a stronger focus on the specific goals of individual clients, coupled with adapting and tailoring any education to the priorities of the client while emphasizing skill-building and motivational approaches. These elements of the financial coaching approach may be valuable for financial education in a variety of settings.

To explore additional resources for financial educators, including financial coaches, please visit the CPFB's Resources for Financial Educators page at www.consumerfinance.gov/adult-financial-education.

This study was a significant undertaking, and we are grateful for the contributions of the Urban Institute, The Financial Clinic, Branches, and the study participants. We also acknowledge the Annie E. Casey Foundation for separately funding a companion process evaluation. This study will continue to inform CFPB's work to empower consumers to take more control over their economic lives in order to serve their own life goals. We hope it will provide similar value to others working toward that same goal.