



The Relationship between Financial Well- Being, Life Stress, and the Uptake of Financial Coaching

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Research Questions

1. What is the relationship between financial well-being and the uptake of financial coaching?

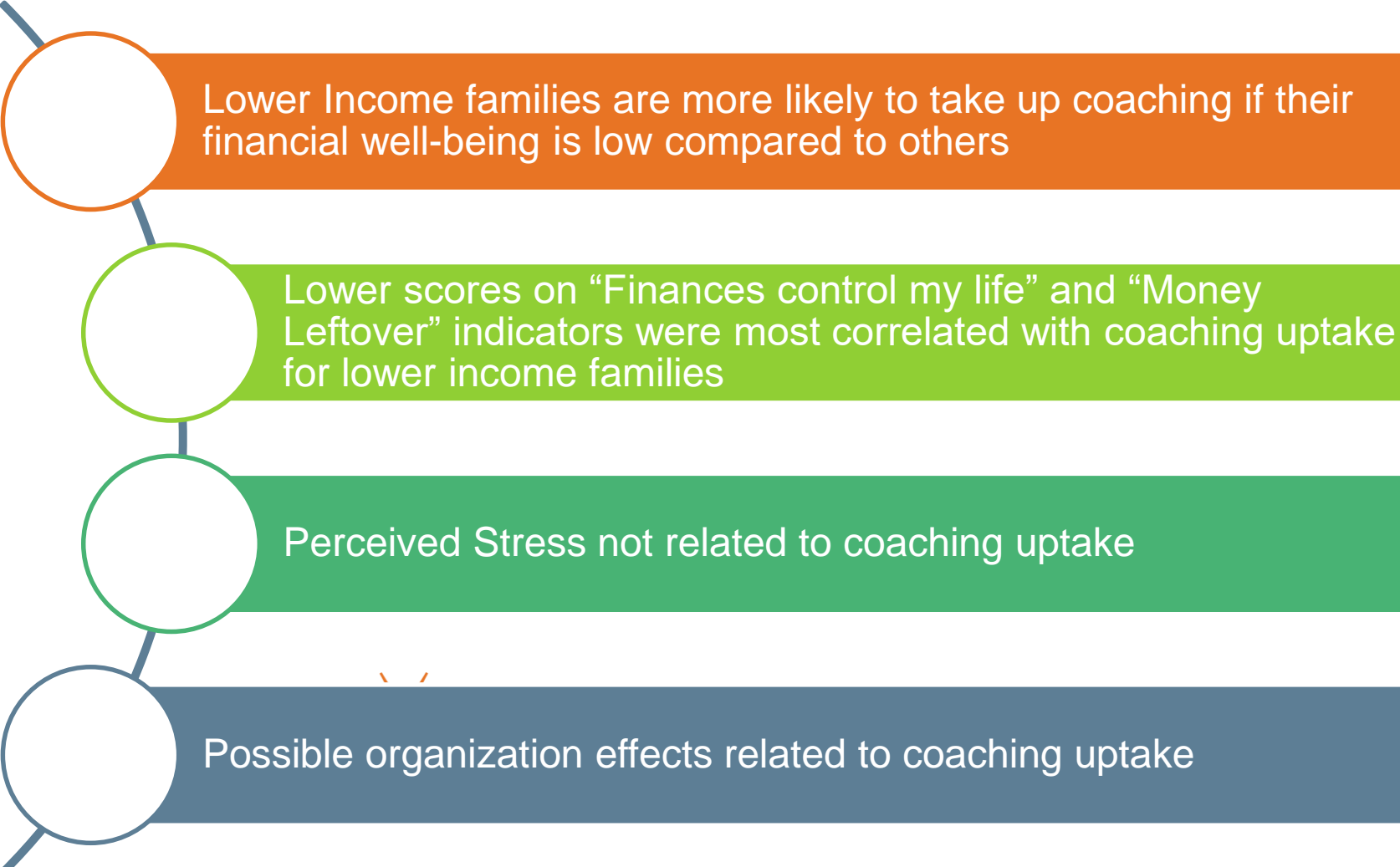
2. How do responses to individual questions from the CFPB financial well-being scale relate to the uptake of financial coaching

3. What is the relationship between perceived stress and the uptake of financial coaching?

4. How does the interaction between financial well-being and perceived stress relate to the uptake of financial coaching



Findings Summary



Lower Income families are more likely to take up coaching if their financial well-being is low compared to others

Lower scores on “Finances control my life” and “Money Leftover” indicators were most correlated with coaching uptake for lower income families

Perceived Stress not related to coaching uptake

Possible organization effects related to coaching uptake



Background: Oakland Promise Brilliant Baby Program



- Part of the cradle-to-career Oakland Promise
- Two-generation intervention
- \$500 college savings accounts (CSAs) to economically vulnerable children
- Parents with access to client-directed financial coaching, coaching stipends and savings financial incentives
- Provides families with other community-based resources designed to reduce financial stress and increase parenting bandwidth.



What is Financial Coaching?

Financial Education

Transfer of knowledge and information

Financial Counseling

Topic specific advice for financial goals or challenges; access to resources

Financial Coaching

Goal and behavior exploration and alignment; client driven decision making

Financial Planning

Comprehensive approach to determine how an individual can meet life goals through the proper management of financial resources

Financial Therapy

Practice and study of cognitive, emotional, behavioral, relational, economic, and integrative aspects of financial health.

Citation: The Continuum of Financial Care; Sage Financial Solutions

Background Research

- Combination of financial knowledge and access to financial services related to a higher level of financial well-being, particularly among low-income clients (Huang and Sherraden, 2019)
- Financial coaching is a growing financial service - from 46 major programs in 2007 (Collins, Baker, & Gorey, 2007) to 318 in 2019 (Lienhard, 2019)
- Financial coaching has been proven effective in helping people achieve financial goals, ranging from savings to improved credit (Theodos, et al., 2015)
- Key challenge of financial coaching is getting clients to first session. In some programs, up to 65% of those recruited do not take coaching up (Theodos, et al., 2015)



Sample

- 303 families in sample
 - Differing numbers modeled given missing data - Used post-stratification weighting to address.
- Using administrative data collected in baseline survey at program enrollment
- This includes client race, income, number of people in household, enrolling partner, and answers to scale questions on stress and financial well-being (CFPB abbreviated scale)
- Using coaching administrative data to calculate coaching uptake



Sample: Race/Ethnicity

Race/Ethnicity	N	Percent of Sample
Hispanic or Latino	133	43.9%
Black or African American	115	38.3%
Two or More Races	29	9.6%
Asian American	22	5.0%
White	3	0.9%
Declined to State	1	0.3%
Total	300	100.0%



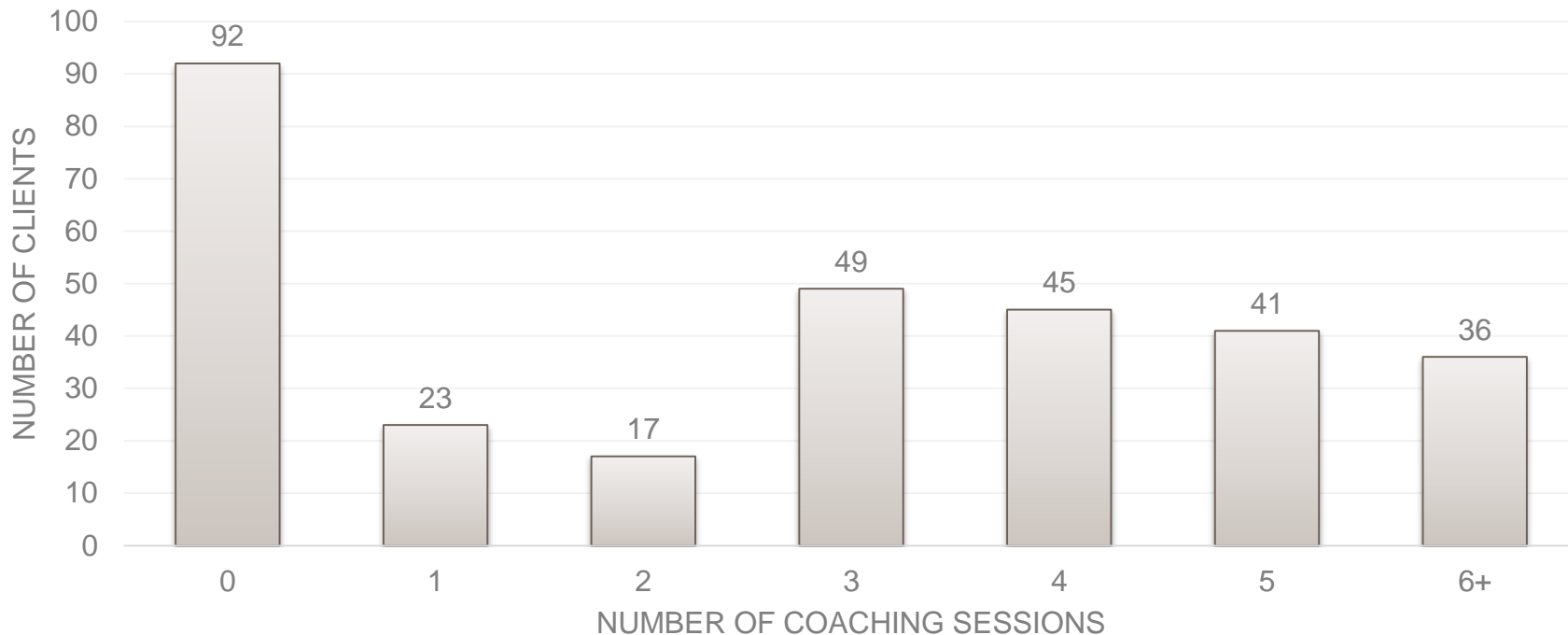
Sample: Income

Household Income	N	Percent of Sample
Below \$15,000	132	45.5%
\$15,000-\$19,999	38	13.1%
\$20,000-\$24,999	32	11.0%
\$25,000-\$29,999	23	7.9%
\$30,000-\$49,999	22	7.6%
\$50,000 or More	13	4.5%
Don't Know	32	10.3%
Total	292	100.0%



Dependent Variable: Coaching Uptake

Coaching Sessions Attended by Client



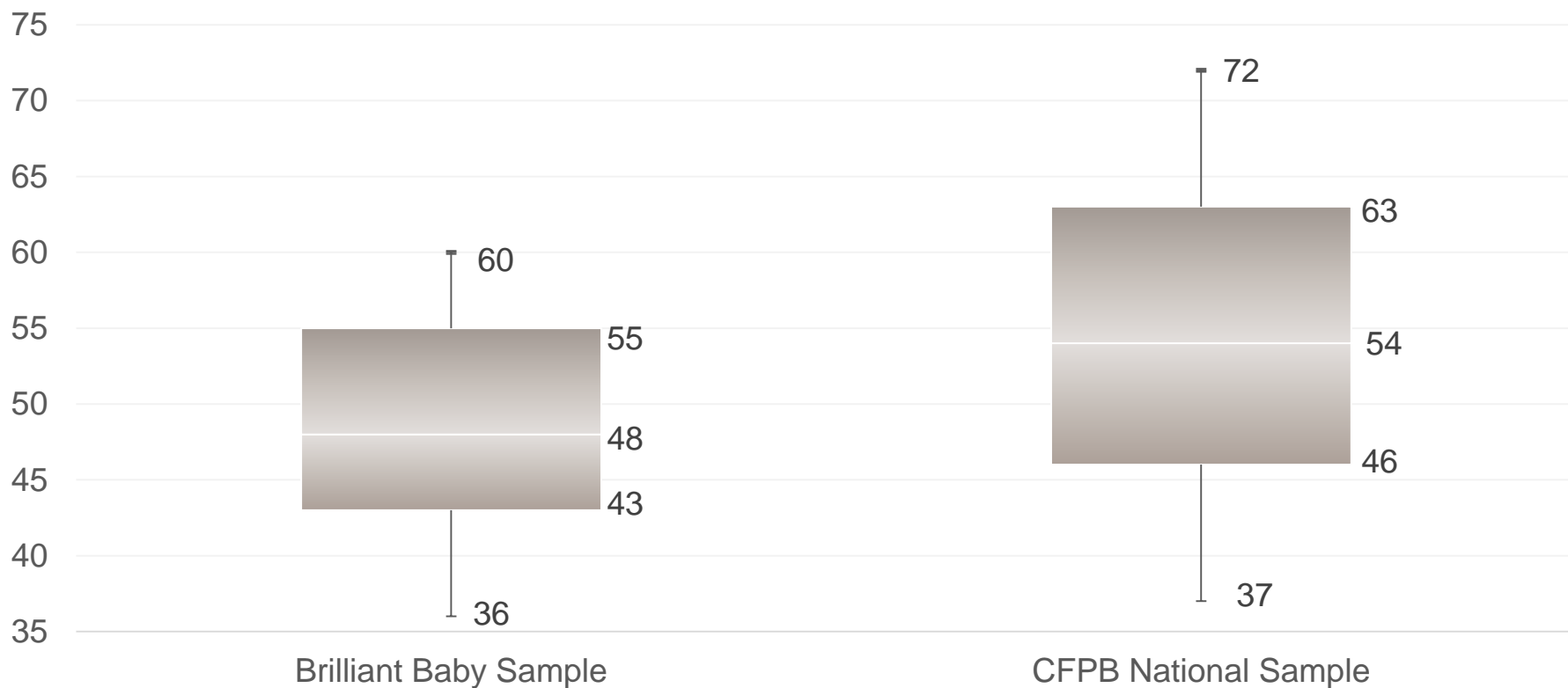
- Coaching uptake = ***One coaching session attended*** within 151 days (approximately 5 months) of program enrollment
- Captures 90% of coaching enrollees
- Using this definition, 211 of 303 respondents were coaching participants



Independent Variable: Abbreviated CFPB Financial Well-being Score

Sample distribution of CFPB Financial well-being score skewed lower than national distribution.

Abbreviated CFPB Financial Well-being Score Distribution by Sample
(Body of plot = 25th, 50th, 75th percentile; Whiskers = 10th and 90th percentile)



Independent Variable: Individual CFPB Financial Well-being questions

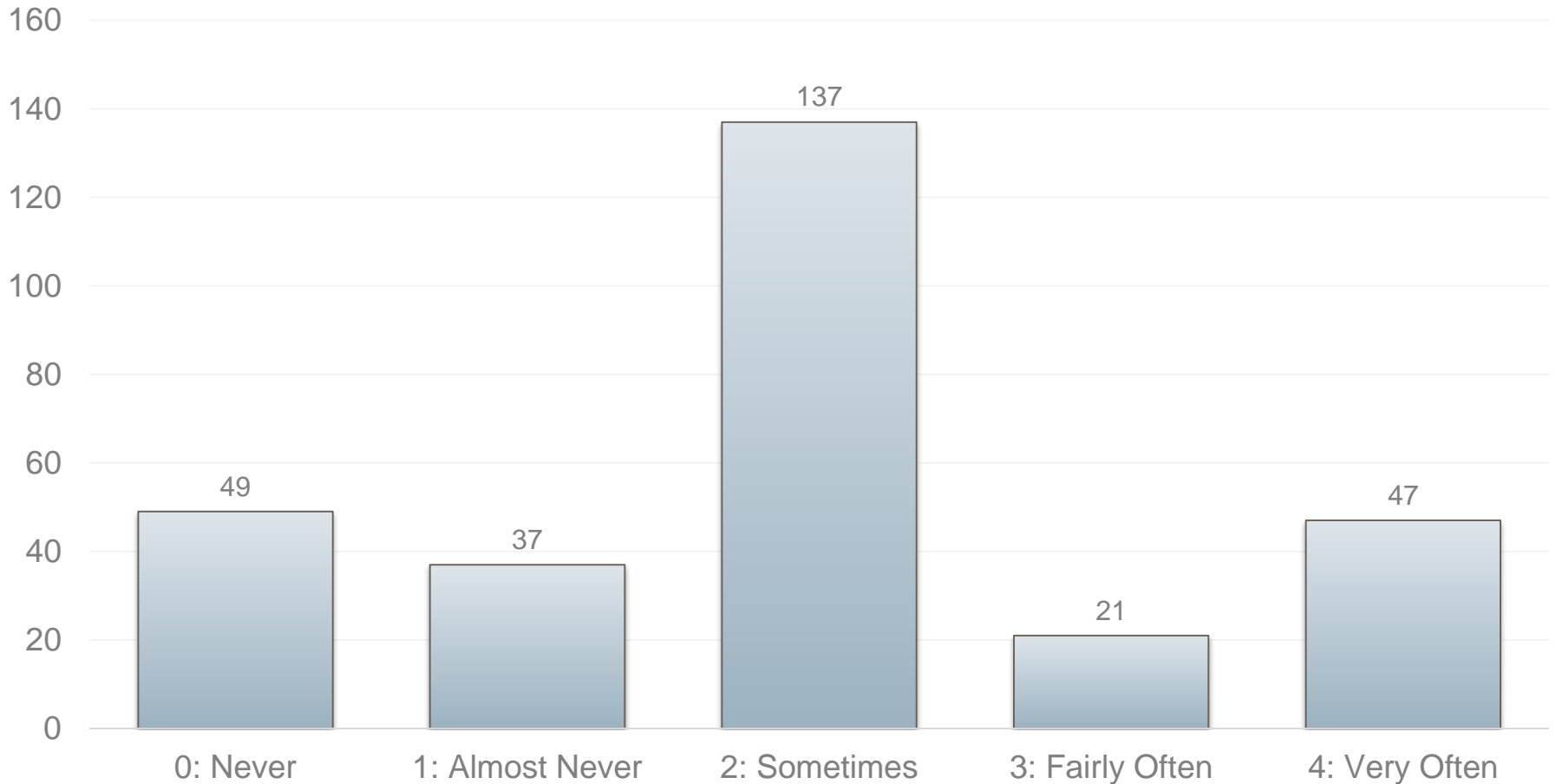
Variable	Obs	Mean	Std. Dev.
Because of my money situation, I feel like I will never have the things I want in life (C1) ^a	280	2.41	1.22
I am just getting by financially (C2) ^a	284	1.80	1.11
I am concerned that the money I have or will save won't last (C3) ^a	280	1.72	1.22
I have money left over at the end of the month (C4)	286	1.43	1.11
My finances control my life (C5) ^a	280	1.96	1.32

All Responses were coded on a scale of 0-4, as instructed in CFPB materials.

^a Responses to these questions were reverse-coded so that higher levels of agreement equal lower levels of financial well-being.

Independent Variable: Perceived Stress

In the last month, how often have you felt stressed? (BB Sample)



Household Income as a Moderator

Mean CFPB Score by Household Income and Coaching Uptake Status

Household Income	N	Mean CFPB Score (Coaching non-participants)	Mean CFPB Score (Coaching participants)	Statistically Significant Difference?
Below \$15,000	116	50	45	Yes
\$15,000-\$19,999	34	47	45	No
\$20,000-\$24,999	27	50	51	No
\$25,000-\$29,999	21	49	51	No
\$30,000-\$49,999	20	43	53	No
\$50,000 and Above	12	50	49	No

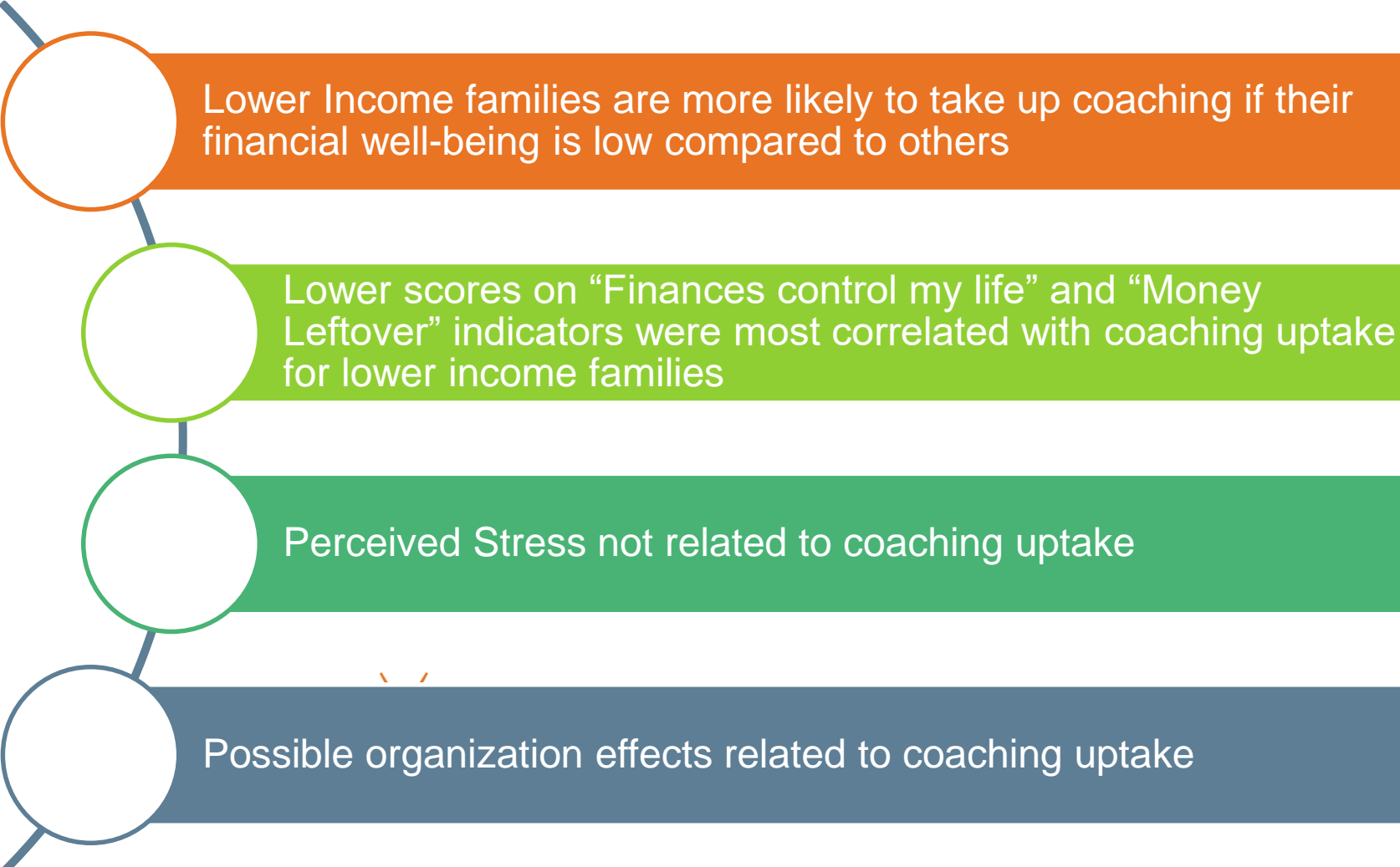
Analysis

- Probit modeling using controls and interaction terms:

$$\Phi^{-1}(p) = \beta_0 + \beta_1 z_1 + \beta_2 z_2 + \beta_3 z_1 z_2 + \beta_4 z_1 q + \beta_5 z_2 q + \beta_6 z_1 z_2 q + \sum_c \gamma_c X_c$$

- Interaction terms for interactions between income level, CFPB scale, stress

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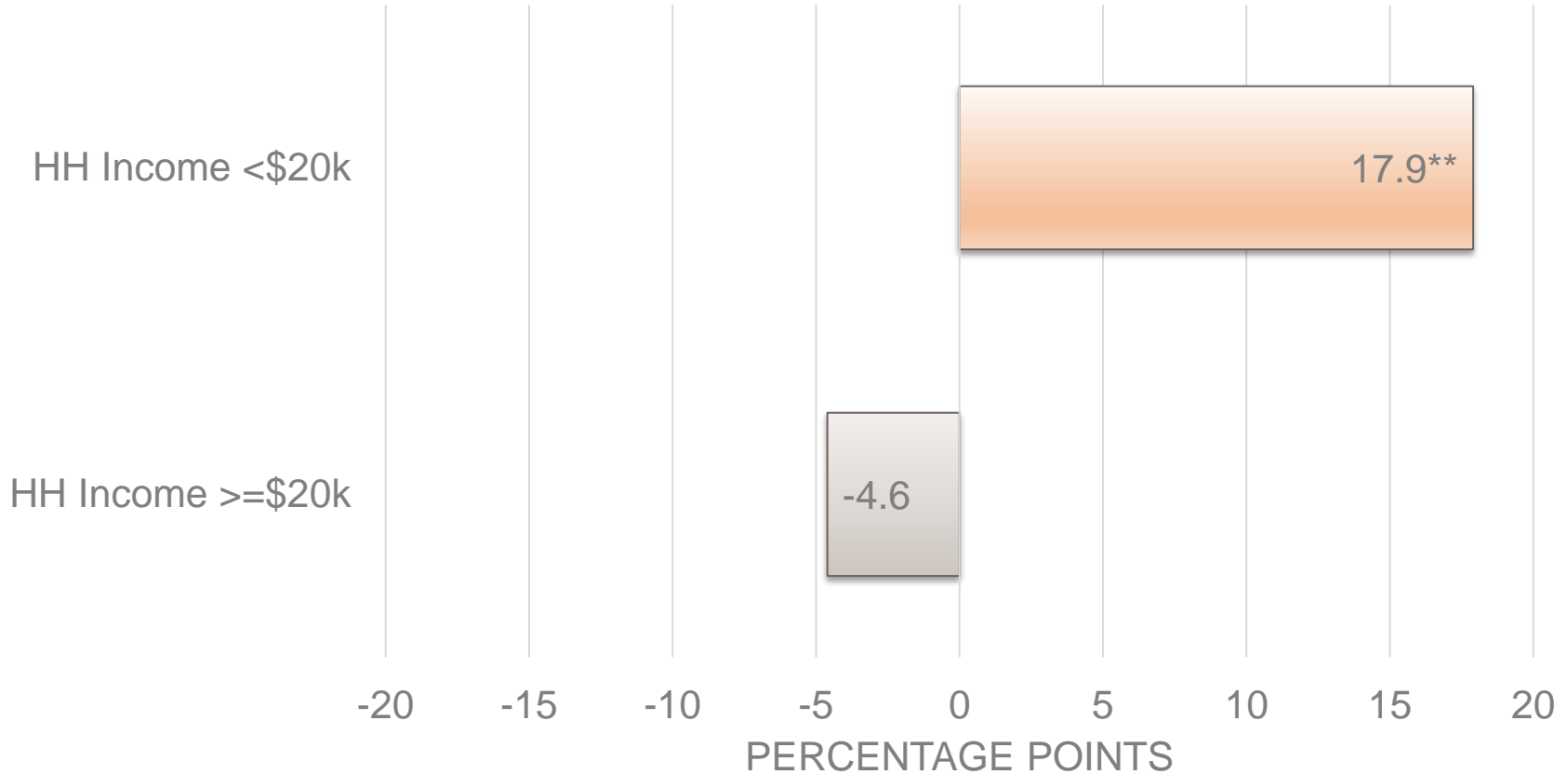
Perceived Stress not related to coaching uptake

Possible organization effects related to coaching uptake



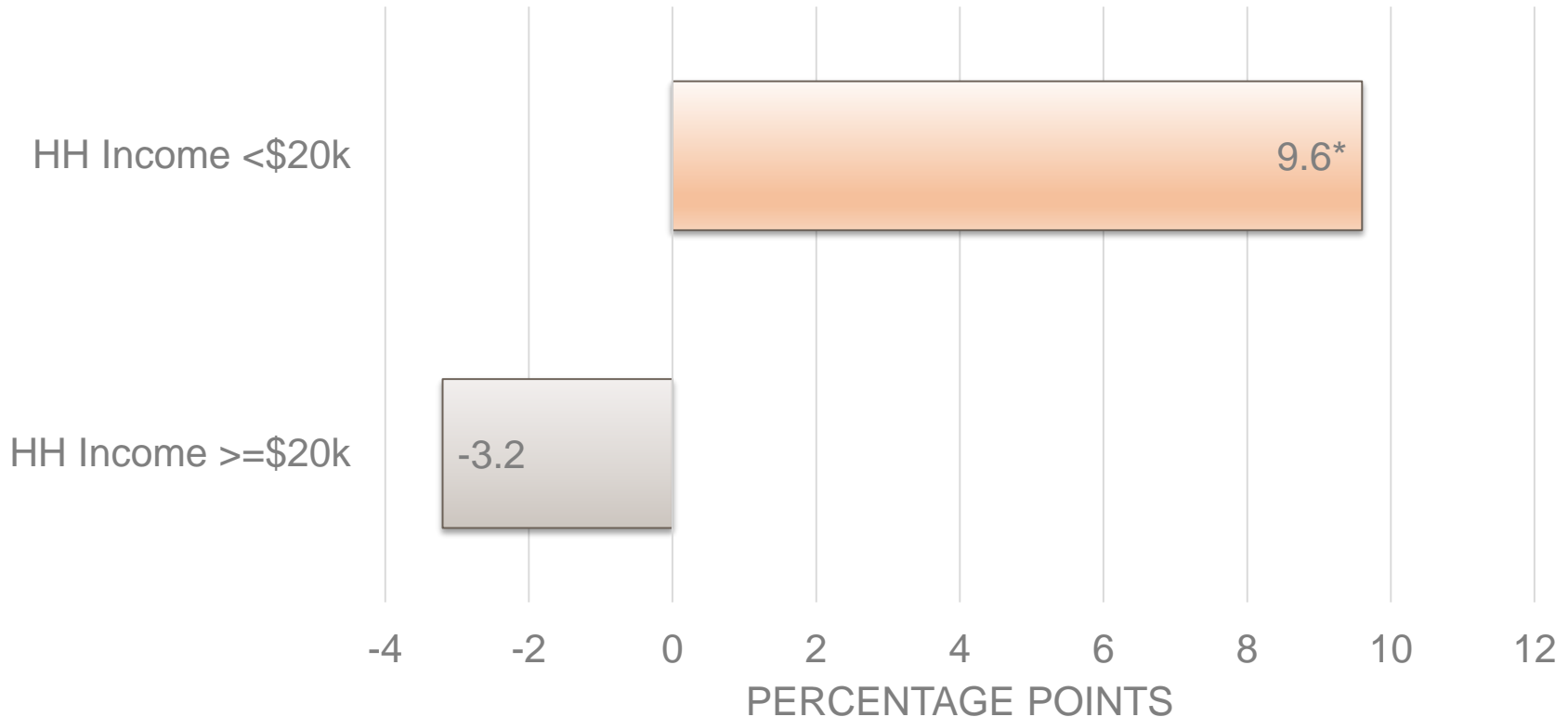
Finding 1: Lower income families are more likely to take up coaching if their financial well-being is lower

Marginal Change in Coaching Uptake for 1 Standard Deviation Decrease in CFPB Score



Finding 2a: Lower financial well-being on “Money Situation” question correlated with coaching uptake for low income families

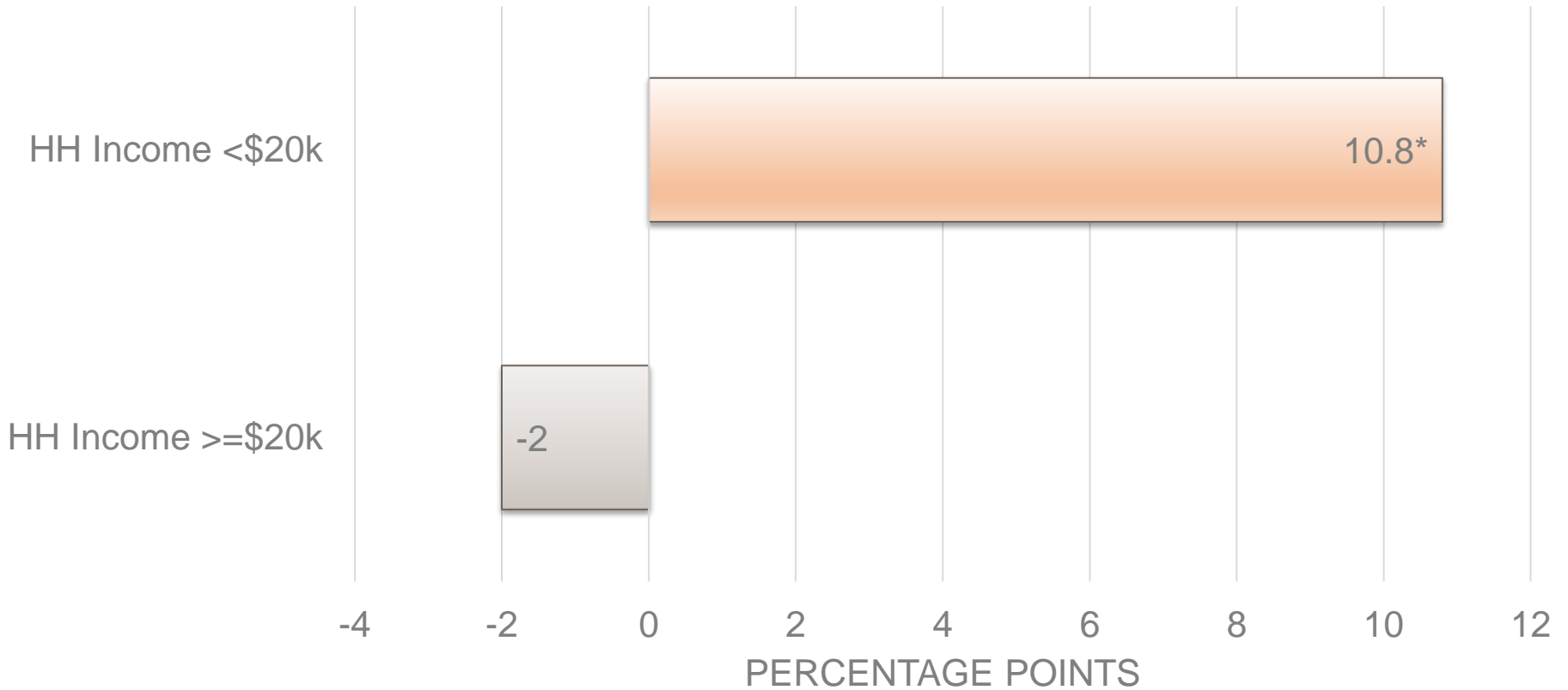
Marginal Change in Coaching Uptake for 1 Standard Deviation Decrease in "C1: Money Situation"



Question wording: Because of my money situation, I feel like I will never have the things I want in life (reverse-coded)

Finding 2b: Lower financial well-being on “Money Left over” question correlated with coaching uptake for low income families

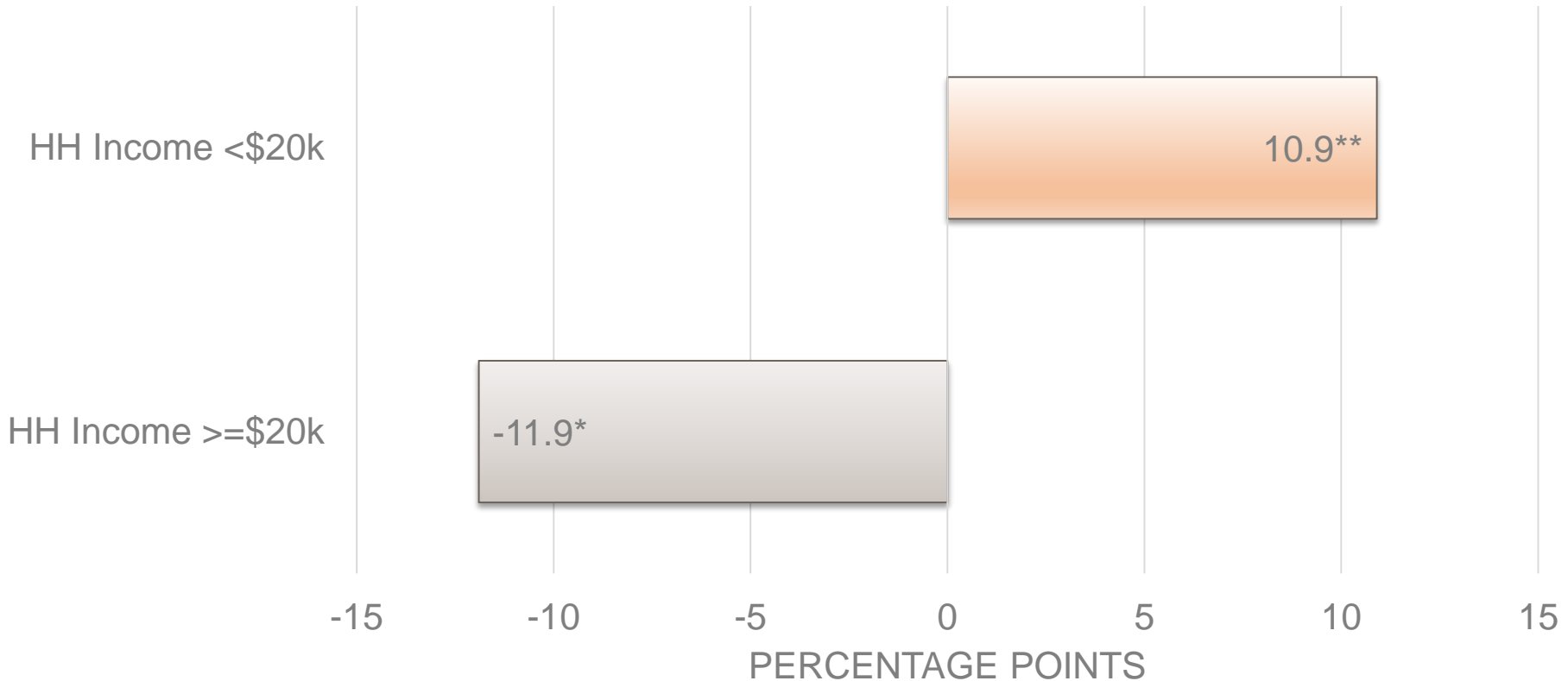
Marginal Change in Coaching Uptake for 1 Standard Deviation Decrease in "C4: Money Leftover"



Question wording: I have money left over at the end of the month

Finding 2c: Lower financial well-being on “Finances Control Life” question correlated with coaching uptake for low income families. Higher financial well-being on question correlated with coaching uptake for higher income families.

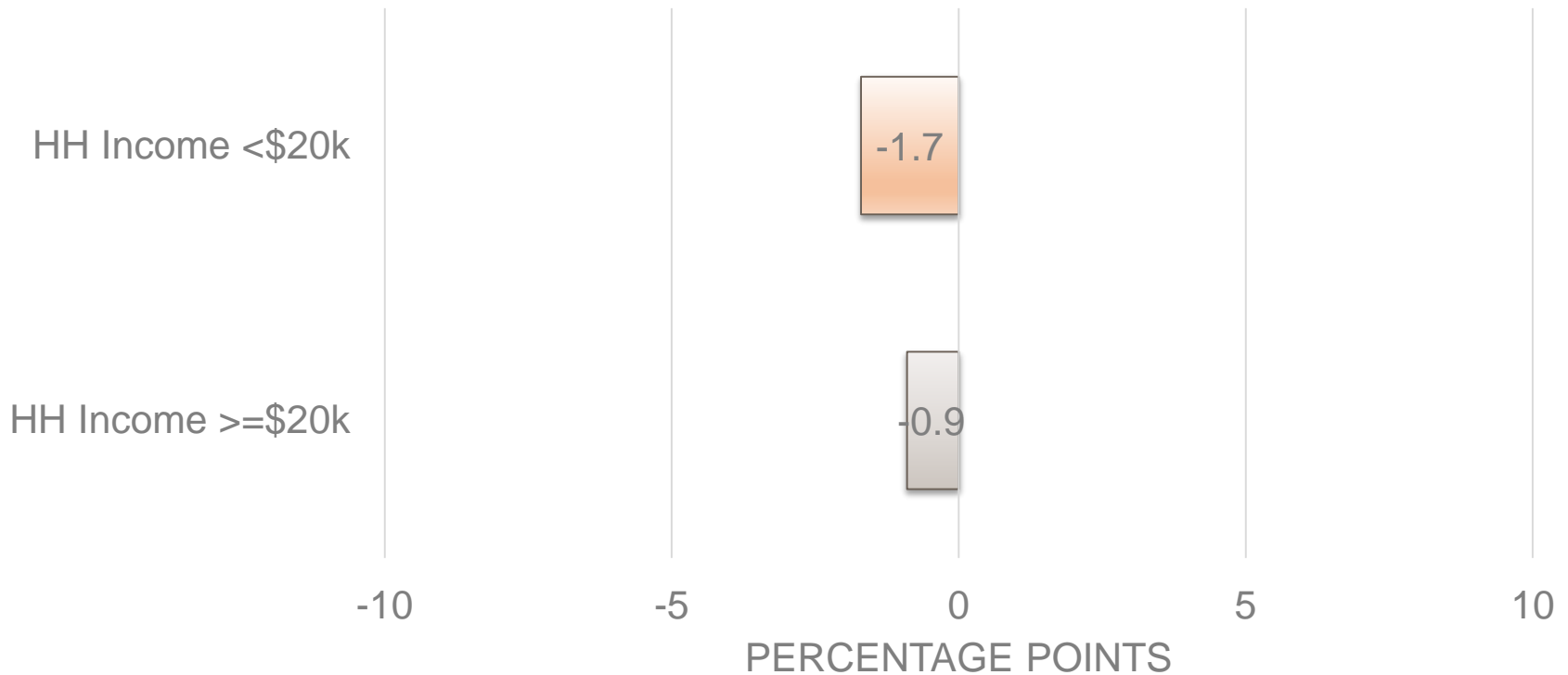
Marginal Change in Coaching Uptake for 1 Standard Deviation Decrease in "C5: Finances Control Life"



Question wording: My finances control my life (reverse-coded)

Finding 3: Perceived stress not related to coaching uptake, regardless of income level

Marginal Change in Coaching Uptake for 1 Standard Deviation Decrease in Perceived Stress



Finding 4: Likely relationship of enrolling organization to coaching uptake

- Program enrolling partners achieving differing rates of coaching uptake.
- For some partners, coaches are embedded with program. Those programs may be seeing higher rates of coaching uptake.
- Merits further qualitative investigation

Conclusions and Implications

- The opinion that low-income, low-financial well-being families may not be ready or able to engage in financial coaching is commonly held.
- This finding refutes that theory and encourages programs to find ways to reach families who are vulnerable both income-wise and well-being-wise.
- Identifying why low-income families are engaging in coaching more when financially unwell is next step.



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Thank You!



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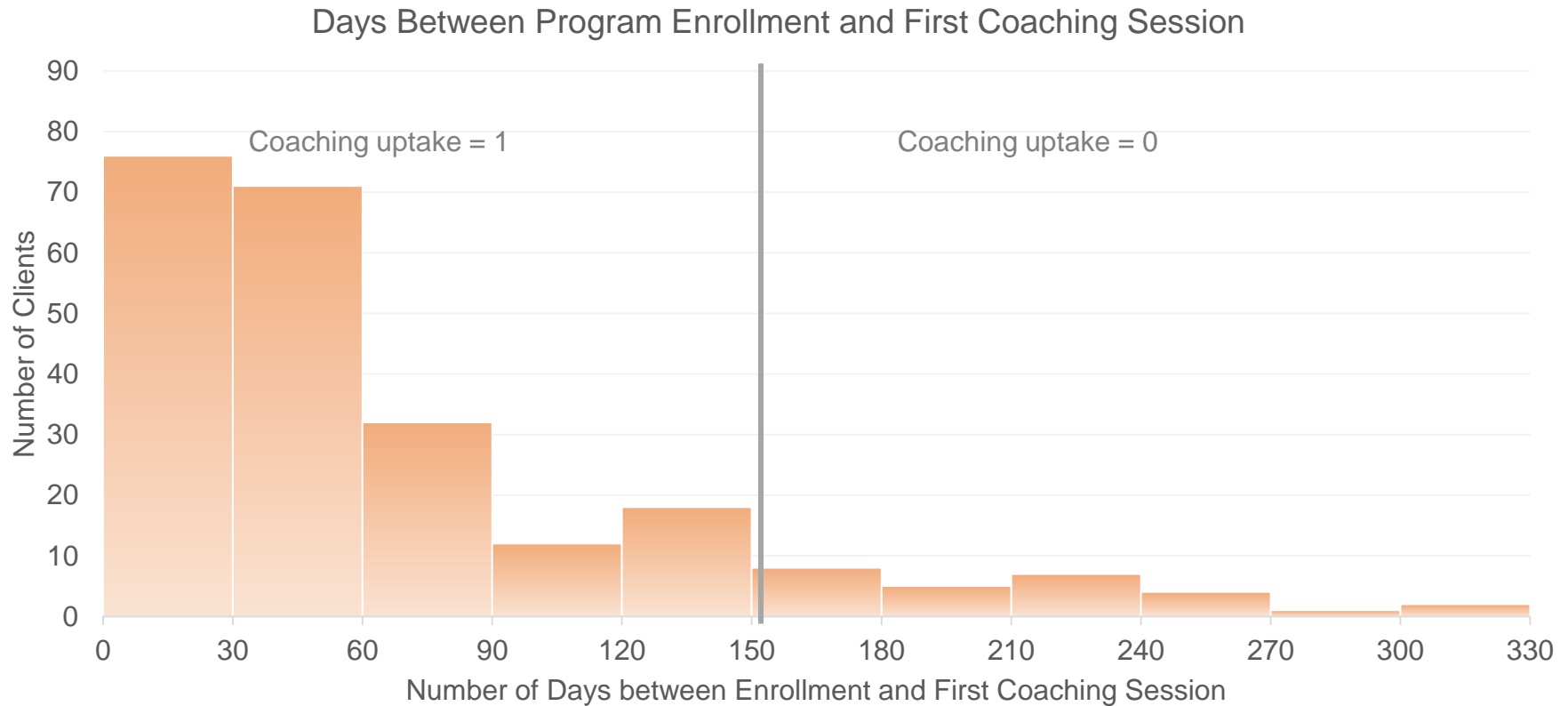
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Appendix: Public Services Accessed

Public Service	N	Percent of Sample
WIC	180	59.4%
SNAP	99	32.7%
TANF	42	13.9%
SSI	7	2.3%
Unemployment	7	2.3%



Appendix: Coaching Uptake Cutoff



- Coaching uptake = **One coaching session** within 151 days of program enrollment
- Captures 90% of coaching enrollees
- Using this definition, 211 of 303 respondents were coaching participants

Appendix: Regression Results

	Model								
N ^a	1	2	3	4	5	6	7	8	9
Independent Vars									
Low Income (<\$20k) ^c	-0.06	-0.19	-0.21	-0.16	-0.26	-0.20	-0.22	-0.01	0.01
CFPB Scale	0.12							0.17	0.16
C1: Money Situation ^b		0.09							
C2: Just Getting By ^b			0.04						
C3: Money Won't Last ^b				-0.09					
C4: Money Leftover					0.06				
C5: Finances Control ^b						0.33*			
Stress							0.03	0.15	0.15
Interactions ^c									
Low Income ^c x CFPB	-0.60**							-0.65**	-0.65**
Low Income ^c x C1 ^b		-0.34*							
Low Income ^c x C2 ^b			-0.13						
Low Income ^c x C3 ^b				-0.09					
Low Income ^c x C4					-0.33*				
Low Income ^c x C5 ^b						-0.62***			
Low Income x Stress							0.02	-0.18	-0.16
Stress x CFPB									
Low Income ^c x Stress x CFPB									0.12
Constant	-0.12	0.04	0.16	0.26	0.10	-0.01	0.24	0.06	0.28

*: p<.05, **: p<.01, ***: p<.001

^a N-sizes of different models vary due to missing independent variable data and the fact that the different models contain different variables. Observations with missing independent variable data were omitted, and post-stratification weights were added to each model's sample, to correct for non-response bias.

^b Variable is reverse-coded, so that higher values of the variable indicate improved financial well-being.

^c Low income is coded as a dichotomous variable, with households with annual income under \$20,000 coded with a value of 1, and households with annual income of \$20,000 or greater coded with a value of 0.

Appendix: Limitations

- Generalizability
- Missing Data
- Statistical Power
- Confounds
- Outcome Definition
- Lack of ability to make causal inferences