



May 2015 Tip of the Month

Financial Coaching for Low-Income Clients

Submitted by Don Fulton, Financial Coach

Financial coaching is a process that promotes financial self-sufficiency by helping clients set and achieve financial goals. Volunteer Lawyers Network (VLN) has partnered with the Consumer Financial Protection Bureau (CFPB) to provide free financial coaching to low-income individuals and families. For the next two years VLN is hosting an on-site financial coach who is available to meet one-on-one with clients to help clients reach their financial goals. This tip of the month will introduce the financial coaching process, describe the benefits of coaching and the impact it can make in the lives of VLN clients, and provide information on how to refer clients to the coaching program.

What is Financial Coaching?

Financial coaching is a process. In financial coaching the client works to identify financial goals. With the help of the financial coach the client explores their strengths and resources. Also, the client looks at what challenges they may have in reaching THEIR goals. This leads the client to put together THEIR action plan. This is a client driven process that encourages the client to take ownership of their financial future. The final decision will be the clients. This process will help the client be accountable to their financial goals. Rather than the being an expert who gives advice, the financial coach is a partner in the client's journey to greater financial strength and economic self-sufficiency.

The process may be one or two meetings including a follow up over one to three months. In some cases the process may last up to a year provided the client stays committed to the process and the goals they identify. The financial coach gives guidance and support throughout the process. Financial coaching is about a relationship that is built on trust. From that foundation the financial coach asks the client key questions to hold them accountable and do follow-up.

- What will they do?
- When will they do it?
- How will I know they have done it?

How Can Financial Coaching Benefit VLN Clients?

Financial coaching complements the services provided by volunteer attorneys. Often the legal issue faced by a client is just one of many issues preventing the client from being financially stable and self-sufficient.

A client completing bankruptcy can meet with a financial coach in order to put together a realistic spending plan as a financial goal so that the bankruptcy is part of a long term solution and not just a

band aid. The financial coach will follow up with the client on their progress. In this way financial coaching can be a post-bankruptcy option for clients to gain control over their financial future.

Financial coaching is not just limited to bankruptcy. For a client going through a divorce and making the transition from a two income household to one income household financial coaching can help them to clarify the new financial reality and related financial goals. The financial coaching provides objective support to what is important to the client and how the client will achieve their goals around supporting their family.

A client can also use financial coaching is to put together a strategy for establishing an emergency fund. In recent years statistics indicate that 43% of households in the United States fall into a category called "Liquid Asset Poverty". This means that they do not have at least three months of income in reserve for emergency use. Creating this kind of financial buffer can mean greater flexibility and financial freedom for clients.

These are just a few of the ways that financial coaching can support our clients in their financial decision making. Financial coaching is about providing the client with the tools and support so they may change their behavior to achieve financial success.

How Do I Refer A Client?

VLN's volunteer attorneys and community partners are encouraged to refer clients to VLN for financial coaching. Any client currently or recently receiving services from VLN is eligible for this program. Even if the client does not have an ongoing case with VLN, they may still be eligible for financial coaching services. This is a confidential, consumer friendly resource to help them take the steps to greater ownership in reaching their financial goals. Please direct clients to call the VLN Client Intake Line at 612-752-6677 to apply for coaching service.

If you have questions about financial coaching and whether it is right for your client, please contact VLN at the information listed below.

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