What a Financial Coach Does

A financial coach is comfortable in the client taking the lead in setting goals, carrying out a plan and being accountable for his or her progress.

Place a check mark in the box next to list below of all of the things a financial coach does that you are currently doing with your clients.

- A financial coach asks permission to coach, makes the relationship with the client a collaborative process to help the client find solutions, rather than telling the client what steps to follow in an action plan.
- A financial coach provides the support to assist the client in maintaining her or his momentum to carry out the action plan that the client has developed.
- A financial coach helps a client to clear distractions and reframe challenges as opportunities.
- A financial coach is unconditionally constructive and listens deeply.
- A financial coach asks clients powerful questions to prompt the client to think of why and how he or she will move forward.
- A financial coach will be encouraging and set a safe atmosphere for the client to discover and state his or her beliefs and values.
- A financial coach will be comfortable to listen and to use silence.
- A financial coach and a case manager might each offer resources to a client and advocate for the client.
Levels of Listening

Listening is the heart of any coaching interaction. It’s important to point your listening so that the person feels heard and you can quickly understand not only what’s happening but what’s needed next for the person. Take a look at the “Listening Chart” handout.

1. **Distracted listening**: you hear what is said, but do not truly understand the meaning and/or intent of the speaker.

2. **Focused listening**: you hear what is being said and listen with understanding. You are beginning to hear some of what is not being vocalized by the speaker.

3. **Non-verbal listening**: you hear what is being said by observing the speaker’s body movement(s). You pay close attention to the visual clues in an attempt to gain a deeper understanding of what is being said and what is not being said.

4. **Whole-body listening**: you listen with your whole body to get to the real truth of the individual’s words and message. Not only do you hear and observe what is being said, you also begin to feel or “intuit” the message. You may find yourself mirroring the speaker’s body posture.
WHAT CAN YOU LISTEN FOR?

**Emotions** (What is the client feeling?)
- Fear
- Sadness
- Upset
- Anger
- Joy
- Doubt
- Resignation

**Coachability** (Is the person coachable?)
- Ready to make change
- Willingness to learn and grow
- Self-responsible
- Committed
- Open
- Responsive

**Values** (What’s most important?)
- Family
- Freedom
- Connection
- Contribution

**Therapy referral** (Does the client need this type of help?)
- Alcohol abuse
- Drug abuse
- Suicidal
- Depression
- Family issues

**Resources** (What does the client already have?)
- Time
- Good job
- Cash
- Ideas
- Opportunities
- Friend/family connections

**Missing Resources** (What does the client need to move forward?)
- Time
- Income
- A job
- Cash
- Support
- Information
- A plan
- Community
- Encouragement
- Experience
- Awareness
- Skills
- Commitment
- Structure

**Inner Strengths** (What are the client’s character strengths?)
- Courage
- Willingness
- Awareness
- Maturity
- Responsible
- Trusting
- Open minded

**Self-imposed Obstacles** (How does the client get in his/her own way?)
- Creates crises
- Stays as “the victim”
- Withholds information
- Too busy
- Procrastination
- Avoids responsibility
- Lying/Denial
Other Activities & Coaching

Coaching is partnering with clients to create financial goals, move through obstacles and hold them accountable.

Determine what your natural tendencies are based on the distinctions below.

DISTINCTIONS

Telling (Directive)  Asking (Non-Directive)

Telling What to Do  Solving Someone’s Problem  Giving Advice  Offering Guidance  Asking Questions  Partnering for Exploration and Solutions

Training  Consulting  Mentoring  Coaching

Adapted from Central New Mexico Community College Financial Coaching Train the Trainer
**My Money “Stories”**

My parents would never spend much money on _____________

I don’t like when my spouse spends money _______________

Some of my friends spend too much money on ______________

I am shocked by how much money people are willing to spend on ______________

I feel guilty when I spend money on__________

When I am at the grocery store and I look at other people’s shopping carts, I think that I would not spend so much on _____________

It is worth it to spend some money on ______________

Even if I had a lot of money, I probably would not spend a lot on ____________________

When I treat myself, I like to spend money on ____________________

I don’t regret spending money on ________________

I wish I had back much of the money I’ve spent on things like ____________________________
Powerful Questions

Powerful questions are provocative queries that put a halt to evasion and confusion. By asking the powerful question, the coach invites the client to clarity, action, and discovery at a whole new level. As you can see from the following examples, these generally are open-ended questions that create greater possibility for expanded learning and fresh perspective.

**Anticipation**
- What is possible?
- What if it works out exactly as you want it to?
- What is the dream?
- What is exciting to you about this?
- What is the urge? What does your intuition tell you?

**Assessment**
- What do you make of it?
- What do you think is best?
- How does it look to you?
- How do you feel about it?
- What resonates for you?

**Clarification**
- What do you mean?
- What does it feel like?
- What is the part that is not yet clear?
- Can you say more?
- What do you want?

**Elaboration**
- Can you tell me more?
- What else?
- What other ideas/thoughts/feelings do you have about it?

**Evaluation**
- What is the opportunity here?
- What is the challenge?
- How does this fit with your plans/way of life/values?
- What do you think that means?
- What is your assessment?

**Example**
- What is an example?
- For instance?
- Like what?
- Such as?
- What would it look like?

**Exploration**
- What is here that you want to explore?
- What part of the situation have you not yet explored?
- What other angles can you think of?
- What is just one more possibility?
- What are your other options?

**For Instance**
- If you could do it over again, what would you do differently?
- If it had been you, what would you have done?
- How else could a person handle this?
- If you could do anything you wanted, what would you do?

**Fun as Perspective**
- What does fun mean to you?
- What was humorous about the situation?
- How can you make this more fun?
- How do you want it to be?
- If you were to teach people how to have fun, what would you say?

**History**
- What caused it?
- What led up to it?
- What have you tried so far?
- What do you make of it all?
Implementation
What is the action plan?
What will you have to do to get the job done?
What support do you need to accomplish it?
What will you do?
When will you do it?

Integration
What will you take away from this?
How do you explain this to yourself?
What was the lesson?
How can you make sure you remember what you have learned?
How would you pull all this together?

Learning
If your life depended on taking action, what would you do?
If you had free choice in the matter, what would you do?
If the same thing came up again, what would you do?
If we could wipe the slate clean, what would you do?
If you had it to do over again, what would you do?

Options
What are the possibilities?
If you had your choice, what would you do?
What are possible solutions?
What will happen if you do, and what will happen if you don’t?
What options can you create?

Outcomes
What do you want?
What is your desired outcome?

If you got it, what would you have?
How will you know you have reached it?
What would it look like?

Perspective
When you are ninety-five years old, what will you want to say about your life?
What will you think about this five years from now?
How does this relate to your life purpose?
In the bigger scheme of things, how important is this?
So what?

Planning
What do you plan to do about it?
What is your game plan?
What kind of plan do you need to create?
How do you suppose you could improve the situation?
Now what?

Predictions
How do you suppose it will all work out?
What will that get you?
Where will this lead?
What are the chances of success?
What is your prediction?

Resources
What resources do you need to help you decide?
What do you know about it now?
How do you suppose you can find out more about it?
What kind of picture do you have right now?

What resources are available to you?

Starting the Session
What’s occurred since we last spoke?
What would you like to talk about?
What’s new/the latest/the update?
How was your week?
Where are you right now?

Substance
What seems to be the trouble?
What seems to be the main obstacle?
What is stopping you?
What concerns you the most about . . . ?
What do you want?

Summary
What is your conclusion?
How is this working?
How would you describe this?
What do you think this all amounts to?
How would you summarize the effort so far?

Taking Action
What action will you take?
And after that?
What will you do? When?
Is this a time for action? What action?
Where do you go from here? What action?
When will you do that?
What are your next steps? By what date or time will you complete these steps?
The Coaching Pocketbook by Ian Fleming & Allan J.D. Taylor
COACHING TOPIC: ________________________________

Directions: In your coaching conversation, you may find it helpful to take some notes to keep you focused as you learn to move through this model. Ask the client for permission to take notes during the conversation.

C = Competencies... find out what is going on and what has already been done about it... ask for the celebrations or what they are most proud of to acknowledge their strengths – what they are really good at.

O = Outcome... what does your client want to have happen... ask about the opportunities and options they believe are open to them ... what they will work toward.

A = Action... identified some choices for action... focus on the details to outline the next steps... what steps must they take... what is their commitment to action?

CH = Checking... the accountability rests with your client... what feedback do they need... are they wrestling with their saboteurs and getting stuck in a comfort zone... what is the next step to keep them moving... have they really made a commitment to their commitment to action?
Behavioral Economics

**Endowment bias.** This emotional bias occurs when a person assigns greater value to an object when he or she possesses it and is faced with its loss, than when he or she doesn’t possess the object and has the potential to gain it.

Example; many women cling (fiercely) to the house during a divorce, even when they can’t afford it. It would be rational to sell and buy again later when affordable.

**Loss aversion bias.** Many people feel the pain of losses more than the pleasure of gains. This emotional bias prevents people from leaving bad situations (job, marriage), even when they see no prospect of a turnaround.

Small business owners may feel that they have sunk costs, and that they have to recoup that money, when cutting their losses - now - would be the smart move.

**Status quo bias.** This emotional bias predisposes people, when facing an array of choices, to elect whatever option keeps conditions the same.

They ask for advice – then don’t take it!

**Regret aversion bias.** People exhibiting this emotional bias avoid taking decisive actions because they fear regret about their decision.

**Anchoring bias.** This cognitive bias occurs when investors are influenced by purchase points or arbitrary price levels.

After a lay-off, new job may pay less than previous job. Mentally, we think we should be paid as much or more than we earned in our last job. Your mom or dad may shake their head at, say, car or house prices – they remember what they paid for their first house or car.

**Mental accounting bias.** This is a cognitive bias that occurs when people treat various sums of money differently based on where these sums are mentally categorized.

You may feel differently about different sums of money depending on whether they were a gift from your mom, earned doing overtime, or a tax refund. “Mad money.” We feel differently about money we have worked hard for as opposed to money we did not expect to receive.

**Recency bias.** This is a predisposition for people to more prominently recall and emphasize recent events or observations, and possibly see patterns where none exist.

**Hindsight bias.** Hindsight bias; when we perceive outcomes as if they were predictable—even if they aren’t.
Framing bias. This is the tendency to respond differently to various situations based on the context in which a choice is presented (framed).

People are more likely to take a bet where they have a “50% chance to win”, than one where they have a “50% chance to lose” – even though those are the same odds. Also perceived differently; “one person out of ten”, vs. “10%”.

Cognitive dissonance bias. In psychology, cognitions represent attitudes, emotions, beliefs, or values. When multiple cognitions intersect—for example, a situation arises in which a person believes in something only to find out it is not true—they try to alleviate their discomfort by ignoring the truth and rationalizing their decision to ignore the truth.

Conservatism bias. This occurs when people cling inflexibly to a prior view or forecast without acknowledging new information.

Don’t confuse me with the facts.

Availability bias. People often estimate the probability of an outcome based on how prevalent that outcome is in their lives.

Everyone I know has a new car – I should get one, too.

Self-attribution bias. This refers to the tendency to ascribe successes to innate talents while blaming failures on outside influences.

My kids just got into a bad crowd.

Confirmation bias. This occurs when people observe, overvalue, or actively seek out information that confirms their claims, while ignoring or devaluing evidence that might discount their claims.

Overconfidence bias. This is best described as unwarranted faith in one’s own thoughts and abilities and contains both cognitive and emotional elements.

Illusion of control bias. This cognitive bias occurs when people believe they can control, or at least influence, outcomes when, in fact, they cannot.

Optimism bias. Many overly optimistic people believe that bad outcomes will not happen to them—they will only afflict others.

Example – I don’t have to save for retirement – I’ll just keep working! So what if I am putting this purchase on my credit card, I’ll get it paid off soon.
Beliefs Drives Behavior = Results

List up to three of your limiting beliefs about money:

Pick ONE limiting belief to work through with your coach:
Financial Control Chart

Step 1: In the spaces provided in the chart above, write down situations that exists where there is a feeling of scarcity and/or lack of financial control.

Step 2: Begin to brainstorm all conditions required to be in place to regain control in each area.
Financial Capability Questionnaire

1. Do you currently have a personal budget, spending plan, or financial plan?
   - □ Yes
   - □ No

2. How confident are you in your ability to achieve a financial goal you set for yourself today?
   - □ Not at all confident
   - □ Somewhat confident
   - □ Very confident

3. If you had an unexpected expense or someone in your family lost a job, got sick or had another emergency, how confident are you that your family could come up with money to make ends meet within a month?
   - □ Not at all confident
   - □ Somewhat confident
   - □ Very confident

4. Do you currently have an automatic deposit or electronic transfer set up to put money away for a future use (such as savings)?
   - □ Yes
   - □ No

5. Over the past month, would you say your family’s spending on living expenses was less than its total income?
   - □ Yes
   - □ No

6. In the last 2 months, have you paid a late fee on a loan or bill?
   - □ Yes
   - □ No
<table>
<thead>
<tr>
<th>Question</th>
<th>Rationale</th>
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<tr>
<td>Do you currently have a personal budget, spending plan or financial plan?</td>
<td>Having and following a plan suggests self-control and/or the intention to exercise control.</td>
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<tr>
<td>• Yes (1 point)</td>
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<tr>
<td>• No (0 points)</td>
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<td>How confident are you in your ability to achieve a financial goal you set for yourself today?</td>
<td>Confidence and self-actualization are needed to change behavior.</td>
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<td>• Not at all confident (0 points)</td>
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<td>• Very confident (2 points)</td>
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<td>If you had an unexpected expense or someone in your family lost a job, got sick or had another emergency, how confident are you that your family could come up with money to make ends meet within a month?</td>
<td>Contingency funds provide liquidity and signal planning and foresight.</td>
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<td>Do you currently have an automatic deposit or electronic transfer set up to put money away for a future use (such as savings)?</td>
<td>Creating automatic mechanisms allows people to avoid exercising self-control; self-imposed constraints indicate behavioral goals.</td>
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<td>Over the past month, would you say your family's spending on living expenses was less than its total income?</td>
<td>Spending more than income is a potential trigger of instability and growing debt levels.</td>
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<td>• Yes (1 point)</td>
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<td>• No (0 points)</td>
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<td>In the last 2 months, have you paid a late fee on a loan or bill?</td>
<td>Late fees signal money management problems and will hurt credit standing.</td>
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**Maximum Number of Points = 8**

Score Total between 0 – 3 Total Points = 1 – Low FCS  
Score Total between 4 – 5 Total Points = 2 – Moderate FCS  
Score Total between 6 – 8 Total Points = 3 – High FCS
Financial Wheel of Life

**FINANCIAL WHEEL OF LIFE INSTRUCTIONS**
The 8 sections in the Wheel of Life represent your finances.

- Change, split or rename any category so that it's meaningful for you.
- Next, taking the center of the wheel as 0 and the outer edge as 10, rank your **level of satisfaction** with each area out of 10 by drawing a line to create a new outer edge (see example)
- The new perimeter of the circle represents your overall financial satisfaction.
Plan To Get Out Of Debt

Do you carry credit card balances every month or wonder if you’ll ever finish paying creditors? Read on to take control, plan ahead and ensure you cover essentials.

1 Plan Out Spending  If you’re feeling overwhelmed, don’t spend another dime until you know what goes in and out of your home monthly. Complete Monthly Income And Expenses and stop simply reacting to due dates.

2 Prioritize Expenses And Debt  The key to debt management is prioritizing. Some expenses are vital as not paying means losing your home. See Which Bills Should I Pay First? and Debt Management to prioritize past due and existing debt. Don’t forget to save for emergencies!

3 Weigh Your Options  Once you’re clear which debts are priorities and you know how much you can pay them each month, you can weigh realistic options. If your debt is overwhelming, check out Is Bankruptcy Right For Me?. If you can pay more than the minimum required, follow these steps.

   Step 1: Negotiate. Don’t be afraid to negotiate the terms. Ask for lower interest rates and waived late fees without closing accounts. Ask for level payment plans to pay income taxes and utilities.

   Step 2: Pay Priorities. Make the minimum payments on all your debts, and calculate how much remains. Use this remainder to begin eliminating your debt.

   Step 3: Choose a Strategy.

   “Snowflake” Plan A — Tackle the smallest debt first. This plan is great if you want a sense of accomplishment early on, when you pay off your smallest debt. Each month make all minimum payments and use what’s left to pay off your smallest balance card. If this debt has a low interest rate, this plan may not be ideal, but you’ll feel great once you pay it off.

   “Snowball” Plan B — Tackle the debt with the highest interest rate. This is the most cost-effective. Tackling debt with the highest interest rate eliminates the balance that’s doing the most damage. Each month make minimum payments and use what’s left to pay off the highest interest rate card. Stay motivated, if it’s large, it may take time before you conquer the account. From here, your debt will roll away, as your payments “snowball” together.

4 Create An Action Plan  Step back, consider the big picture, and make decisions you can live with. Work with your financial coach on an Action Plan. Get into a rhythm with payments by writing how you’ll spend each paycheck. Paying the most persistent creditor isn’t effective, and can drive you more into debt.
**DEBT REDUCTION WHEEL OF LIFE INSTRUCTIONS**

The 8 sections in the Income Wheel of Life represent income generation components.

- Change, split or rename any category so that it’s meaningful for you.
- Next, taking the center of the wheel as 0 and the outer edge as 10, rank your **level of satisfaction** with each area out of 10 by drawing a line to create a new outer edge (see example)
- The new perimeter of the circle represents your overall satisfaction with ability to get out of debt
Informational Interviews Preparation Checklist

► Update your resume’

► Locate three contacts with local employers that are of interest:
  – Search on indeed.com
  – Talk to family and friends who might have a contact
  – Coach helps find out if CJ case manager has a contact

► Do some research on the company
  – Create a list to keep track of the information
  – Write down in the list info you find
  – Bridges.com
  – People you know that you can ask

► Set up appointments
  – Use day planner to schedule
  – Make follow-up phone calls if you leave a message
  – Record when you made the call and what happened

► Create a list of questions for the contact
  – Do a Brainstorming activity with coach to help you think of questions that are important to you
  – Write them down in order of importance

► Go to appointments
  – Arrange transportation if you do not have a vehicle
  – Make sure you pick out what to wear the day before
  – You should remember to bring list of questions
  – You should thank people involved at the end

► Follow up
  – You should write down notes about the experience/talk to coach about how it went
  – Figure out what’s next
  – You should send a thank-you note
CAREER WHEEL OF LIFE INSTRUCTIONS

The 8 sections in the Income Wheel of Life represent income generation components.

- Change, split or rename any category so that it’s meaningful for you.
- Next, taking the center of the wheel as 0 and the outer edge as 10, rank your level of satisfaction with each area out of 10 by drawing a line to create a new outer edge (see example)
- The new perimeter of the circle represents your overall satisfaction with your career potential
**INCOME WHEEL OF LIFE INSTRUCTIONS**

The 8 sections in the Income Wheel of Life represent income generation components.

- Change, split or rename any category so that it’s meaningful for you.
- Next, taking the center of the wheel as 0 and the outer edge as 10, rank your level of satisfaction with each area out of 10 by drawing a line to create a new outer edge (see example)
- The new perimeter of the circle represents your overall satisfaction with your income generation.
EVERY coaching session should end with a SMART Goal.
# FINANCIAL GOALS CHART

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## Steps to Achieve Goal:

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