

# MPower Money Coaching Program

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The objective of the *MPower Money Coaching Program* was to develop and test the feasibility of a financial coaching program that mobilized, trained and supported professional financial advisors to serve as volunteer coaches, helping low-income individuals to identify, plan for, and achieve personal financial goals.



## Executive summary

### Background

Canadians living in poverty experience a host of financial barriers that prevent most from building the financial stability and assets they need to pursue proven routes to prosperity – education/training, employment, entrepreneurship, and home ownership.

Financial coaching is an evidence-based financial empowerment intervention that helps individuals and families living on low incomes to adopt new financial attitudes and behaviours that lead to improved financial well-being over time.

A financial coach acts as a trusted and skillful guide to help clients set or refine financial goals through ongoing one-on-one interactions. Coaches then work with clients to develop action plans they can follow to achieve these goals.

### Project description

The *MPower Money Coaching Program* was a unique collaboration that brought together Prosper Canada, a national charity, Canada's leading investment firms and investment industry associations, and the City of Toronto's Employment and Social Services Division (TESS) to provide neutral, high quality financial help to people living on low incomes.

Prosper Canada partnered with three professional associations from the investment industry to recruit, train and deploy accredited financial advisors to provide volunteer financial coaching to individuals with low incomes. These were selected by TESS staff members from their program clients. The program ran two five-month coaching cycles that aimed to provide 50 financial advisors with the opportunity to use their skills to give back to their community and enable 100 low-income participants to set financial goals and develop and follow an action plan to achieve them.

### Project outcomes

The *MPower* program mobilized 30 volunteer coaches who delivered 205 coaching sessions to 96 active participants.

Sixty-one per cent of participants attended three or more sessions (a very high retention rate relative to the 20 per cent retention rate of comparable programs in the United States).

Participants were also successful at meeting their financial goals. Fifty-two per cent of all participants achieved a financial goal, with 80 per cent of those who attended three or more sessions achieving a financial goal.

Overall, the *MPower Money Coaching Program* was effective in achieving its intended outcomes and enabling participants to strengthen their financial capability and outcomes:

- 47 participants developed a budget for the first time or followed a spending plan
- 25 obtained and reviewed their free credit report with their coach
- 12 set up a savings plan (monthly amounts ranged from \$10 - \$200)
- 6 reduced expenses (e.g. utilities, fast food) for estimated average annual savings of \$200
- 5 reduced debt (one client was able to get a \$900 penalty fee waived by CRA through advocacy initiated by coach)
- 1 paid off a payday loan.

### Insights

**The key elements to fostering a successful coaching relationship with low-income individuals are:**

- Building trust
- Maintaining impartiality, confidentiality and non-judgmental discourse
- Setting realistic and attainable financial goals or milestones even if small to start

- Establishing clear expectations about the coaching program, and
- Ensuring participant and coach readiness to engage in a financial coaching relationship.

**Our experience piloting *MPower*, as well as other coaching program models, suggests that professional financial advisors:**

- Are seen as trusted and knowledgeable by clients and inspire their confidence
- Bring unique, in-depth financial knowledge and expertise that is difficult for community service providers to acquire
- Are appreciated and trusted by clients precisely because they volunteer
- Are valued and sought after by community partners.

**The *MPower* program model is effective, but resource intensive:**

- Coordination with volunteers, professional associations and TESS required significant time and effort throughout the program
- Volunteer coaches required significant day-to-day support, as many were working with low-income people for the first time

- Dedicated staff was necessary to adequately coordinate and support volunteers and partners.

**The volunteer model also poses scaling challenges:**

- Scheduling challenges were an impediment to sustained participation by volunteers and clients
- Low coach-to-client ratio is not as cost-effective as other program models, although good for clients
- Volunteer turnover would require continuous intake and training
- Turnover could also create lack of continuity for participants.

**Conclusions and next steps**

The *MPower Money Coaching Program* was a highly successful cross-sector collaboration that successfully mobilized, trained and supported professional financial advisors to provide neutral, high quality financial coaching to people living on low incomes.

It showed that the volunteer coach delivery model is effective at producing the desired outcomes, but very resource intensive, so likely quite challenging to scale cost-effectively in its current form.

Given the undeniable value of their contribution, however, Prosper Canada would like to explore other ways to integrate professional financial advisors as volunteers in financial coaching programs.

As Prosper Canada works to expand access to quality financial coaching services for people with low incomes, we look forward to continuing to collaborate with financial sector partners and volunteers, as well as our community and municipal partners, to harness their deep expertise and desire to help all Canadians to prosper.



A financial coach acts as a trusted and skillful guide to help people with low incomes to set or refine financial goals. Coaches then work with clients in one-on-one sessions to help them develop action plans they can follow to achieve their goals.



## 1. Project objective

The objective of the *MPOWER Financial Coaching Program* was to develop and test the feasibility of a financial coaching program that mobilized, trained and supported professional financial advisors to serve as volunteer coaches, helping low-income individuals to identify, plan for, and achieve personal financial goals.

The program's target goals were to provide fifty financial advisors with the opportunity to use their skills to give back to their community and enable one hundred low-income participants to:

- Set a financial goal or goals
- Develop a financial action plan
- Access help to file their taxes if they need it
- Build a personal/household budget
- Increase their savings
- Reduce their debt
- Improve their credit score.

## 2. Background

Canadians living in poverty experience a host of financial barriers that prevent most from building the financial stability and assets they need to pursue proven routes to prosperity – education/training, employment, entrepreneurship, and home ownership.

A financial coach acts as a trusted and skillful guide to help people with low incomes to set or refine financial goals. Coaches then work with clients in one-on-one sessions to help them develop action plans they can follow to achieve their goals.

Coaching is a participant-driven process that fosters behaviour change by supporting, encouraging and mentoring participants to set goals that are meaningful to them and to map out an action plan they can follow. To be successful, participants should have the stability necessary to set and pursue longer-term goals (i.e. they are not in crisis). Coaching works particularly well for people who are motivated to take action to improve their financial situation, but may have difficulty formulating and sticking to a plan on their own.

Financial coaching has been shown to help individuals and families living on low incomes to adopt new financial attitudes and behaviours that lead to improved financial well-being over time. In a 2.5 year U.S. financial coaching pilot targeted to people with low incomes in 17 states:

- **55%** of clients with unsecured debt decreased their debt amount (**\$3,005** median decrease)
- **54%** of clients with no savings achieved some savings (**\$668** median savings)
- **47%** of clients increased their credit scores (**59** point mean increase).

### 3. Project description



#### COACH DATA

**54%** Female  **47%** Male 

**55%** More than 10 years experience providing professional financial advice

**87%** Certified financial planner designation



#### PARTICIPANT DATA

**68%** Female  **32%** Male 

**51%** Completed college or university

**64%** No savings

**38%** Seeking employment

**50%** Have children

#### Project genesis

In 2014, Bridgehouse Asset Managers approached Prosper Canada with a view to collaborating to expand access to quality financial advice in Canada.

In response, Prosper Canada and Toronto Employment and Social Services (TESS) co-developed a pilot project to test the feasibility of mobilizing professional financial advisors as volunteer coaches, to help low-income TESS clients to set, plan for, and achieve personal financial goals.

Bridgehouse assisted Prosper Canada to put in place a consortium of project funders from the investment industry and to establish partnerships with three industry associations – Advocis, the Financial Planning Standards Council, and the Independent Financial Brokers of Canada – to help recruit and select accredited financial planners to serve as volunteer financial coaches.

An Advisory Committee comprising all of the above partners was established to provide oversight to the project.

*(See Appendix 1 for a list of Advisory Committee members).*

#### Program development

Working in collaboration with TESS and industry partners, Prosper Canada developed a detailed project plan with milestones, deliverables and governance. Prosper Canada staff also developed financial coaching training and tools for volunteer coaches and training for TESS staff at three participating Toronto Employment Centres to support their participant recruitment efforts (triage, outreach, etc.).

#### Recruitment and training of volunteers

Prosper Canada partnered with Advocis, the Financial Planning Standards Council, and the Independent Financial Brokers of Canada to design and implement a rigorous volunteer recruitment, selection and training process to ensure all volunteer coaches were appropriately accredited and trained to work with low income individuals.

All of the associations actively promoted the opportunity to their members and helped to recruit 104 applicants for eligibility using pre-determined criteria. Prosper Canada interviewed 60 eligible applicants by telephone and selected 37 to receive training. Five coaches participated in both rounds.

Prosper Canada provided all selected volunteers with eight hours of training to give them a contextual understanding of the financial lives of people with low incomes, to acquaint them with pertinent information on benefit programs (e.g. social assistance) they would need to take into account, and to provide information on key issues they would likely to encounter (e.g. credit scores, obtaining a free credit report, budgeting tools).

#### Program delivery

The *MPOWER Program* was delivered in partnership with three City of Toronto Employment Centres operated by TESS. TESS staff were trained and supported to recruit project participants from their social assistance and employment program clientele. Prosper Canada worked with TESS to match volunteer coaches with program participants and then implemented two five-month coaching cycles between May 2015 and August 2016.

The first cycle ran from July to November of 2015. Twelve coaches provided coaching support to 27 of participants. Based on an evaluation of this first cycle, Prosper Canada expanded the training offered to coaches to provide more in depth information on social assistance. This delayed the start of the second coaching cycle, which ran from May to September of 2016 and mobilized 29 coaches who provided coaching support to 70 participants.

Coaches delivered one-on-one, free, unbiased financial information and guidance.



Prosper Canada established the following protocols and parameters in collaboration with project partners to ensure that the program was delivered consistently:

- *MPower* was delivered by Certified Financial Planners trained as volunteer financial coaches.
- Coaches delivered one-on-one, free, unbiased financial information and guidance.
- Selected clients were paired with a financial coach and were required to meet at least once a month in person, with additional follow up available by email and/or phone.
- Coaches were paired with up to three clients.
- *MPower* was open to individuals receiving social assistance and/or employment supports from participating Toronto Employment Centres in Toronto South District: Crossways (west), Metro Hall (downtown) and Beaches (east)
- Client progress was measured both qualitatively and quantitatively.

Prosper Canada provided ongoing project management and support to project partners throughout this period and provided the Advisory Committee with regular project updates.

Prosper Canada staff also provided day-to-day phone and email support to the volunteer coaches, who frequently had questions about how to address the issues they were encountering.

## Evaluation

Prosper Canada developed and implemented a project evaluation plan, including collecting outcome data for all participants and conducting a thorough process evaluation.

*For a detailed timeline of project activities, please see Appendix 2. For details of the evaluation framework, please see Appendix 3.*



## 4. Outcomes

Overall, the *MPower Money Coaching Program* was effective in achieving its intended outcomes and enabling participants to strengthen their financial capability and outcomes:

- **47** participants developed a budget for the first time or followed a spending plan
- **25** obtained and reviewed their free credit report with their coach
- **12** set up a savings plan (monthly amounts ranged from **\$10 - \$200**)
- **6** reduced expenses (e.g. utilities, fast food) for estimated average annual savings of **\$200**
- **5** reduced debt (one client was able to get a **\$900** penalty fee waived by the Canada Revenue Agency through advocacy initiated by coach)
- **1** paid off a payday loan.

### All coaches were Certified Financial Planners

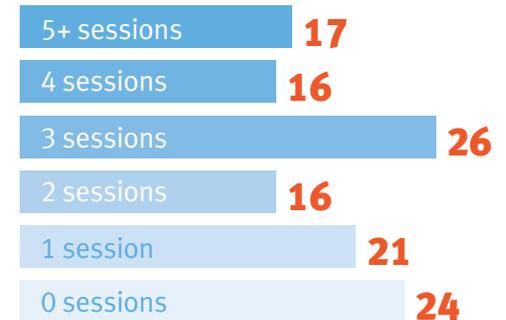
The *MPower* project mobilized **30** volunteer coaches who delivered **205** coaching sessions to **96** active participants. Volunteer coaches were selected through industry professional associations. All coaches were accredited professional financial planners in good

standing. They were provided with training on coaching and on financial issues relevant to people living on low incomes. Coaches worked with **two** participants on average and many communicated with participants between sessions via email, phone or text.

### The program successfully engaged participants

**120** individuals registered for and were accepted into the program. Of those, **96 (80%)** met with a financial coach at least once. According to past studies of financial coaching done in the United States, around **45%** of registered participants will meet with a coach at least once and only **20%** will attend at least **three** sessions. During the *MPower* project, **61%** of participants attended **three or more** sessions.

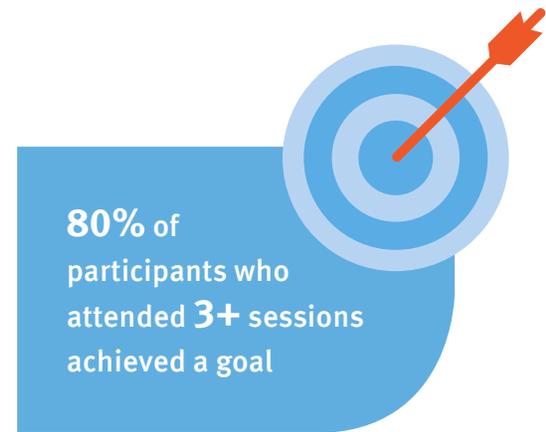
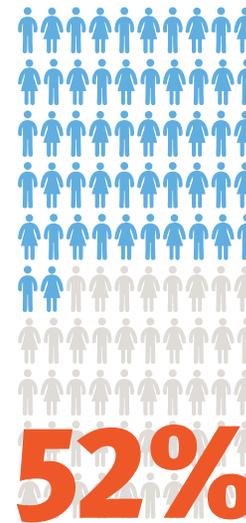
Retention was high, in part, due to a rigorous screening process for participants and coaches, ongoing case management by case staff, and consistent communication between coaches and participants between coaching sessions.



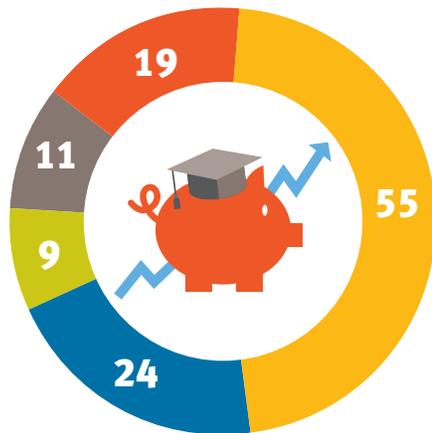
Number of sessions attended by participants

### 52% of all participants achieved a financial goal

Participants successfully achieved a wide range of goals over the **five** month coaching cycle. Given the brief duration of the coaching period, it was not surprising that more participants achieved knowledge and skill gains than gains in their financial outcomes. Developing a financial plan was by far the most common outcome – nearly **60%** of participants developed a budget, payment or savings plan. **35%** of these participants were able to stick to their plan successfully over the course of the pilot. Coaches were able to help participants realize other relatively quick successes by reviewing participant credit scores and helping them access more affordable banking products.



### Participant goals were a mix of money management skills and tangible financial outcomes



Number of financial knowledge and skills goals achieved by participants

- stuck to a budget, payment, or savings plan
- filed taxes
- obtained more affordable banking products
- reviewed credit score/report
- developed a budget, payment, or savings plan

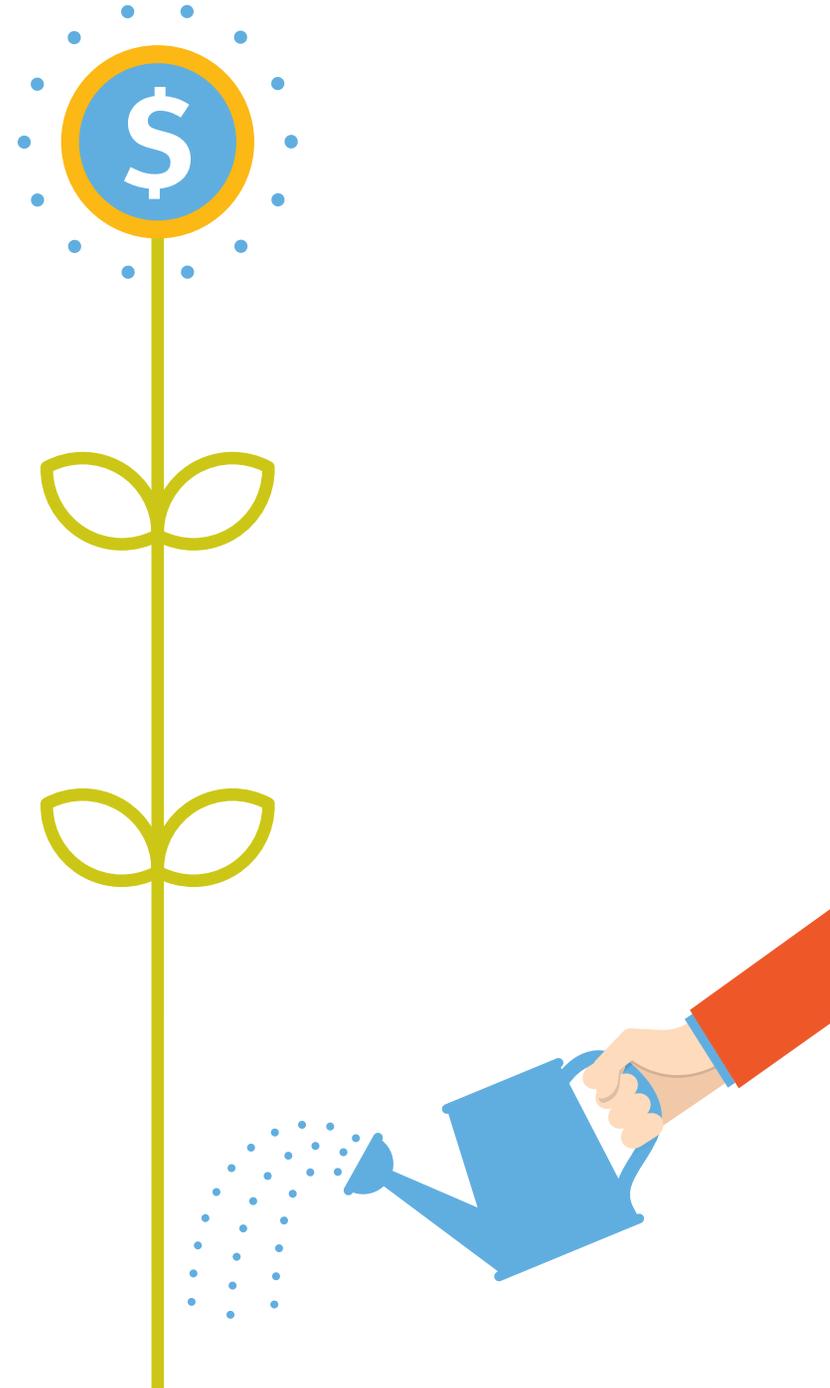
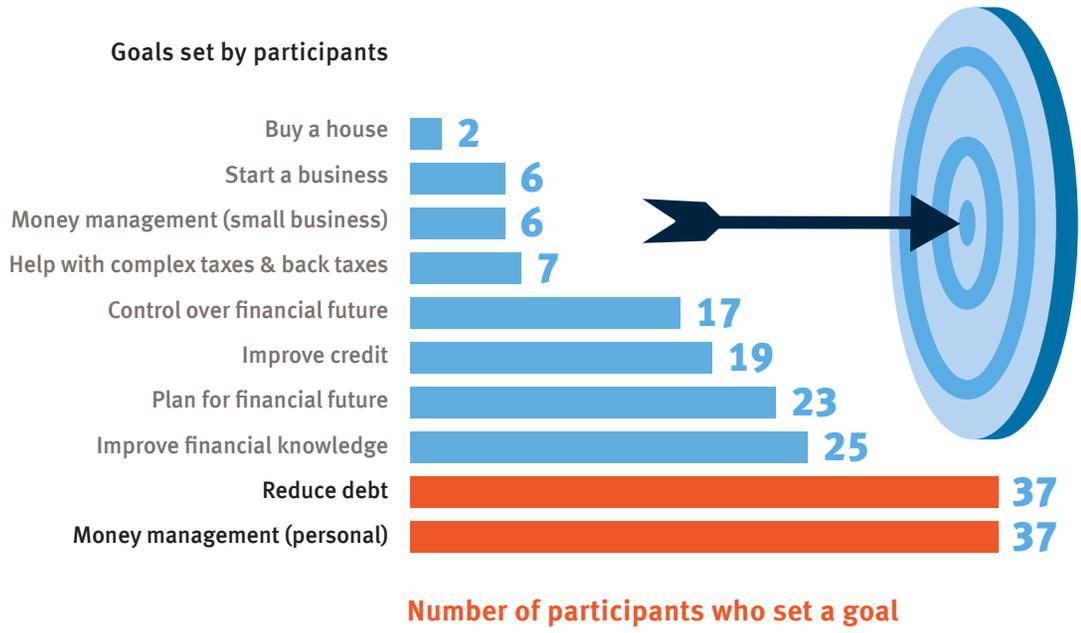


Number of participants who achieved a measurable change in financial health

- improved credit score
- reduced expenses
- reduced debt
- accessed new benefits
- increased savings

### Most goals were centred on debt reduction, money management and planning for the future

Financial coaching is centred on personal financial goal achievement. At the first session, each coach set a goal with their client. Some clients came with a specific goal in mind, such as reducing their student loan debt, while others had many goals, some of which were long ranging. For example, one client living in a shelter wanted to one day rent his own apartment. Clients set diverse goals, though many were centred on reducing large debt loads, general money management and planning for the future.



To fully take advantage of the volunteer aspect of the program design, it should be clear to all participants that their coach is a volunteer with a background in finance.

## 5. Lessons and insights

### Program design

The program design chosen for this project came with some advantages and also with some challenges. The program was very successful in retaining participants and in achieving its intended outcomes. Since the program involved volunteers from the financial sector, as well as two administrative bodies, it was a high-touch process that required a lot of coordination behind the scenes.

### Working with volunteer coaches from the financial sector is rewarding but resource intensive.

Working with volunteer coaches from the financial sector was an asset because they have expert knowledge and experience talking about money. Moreover, the coaches were devoted to helping their participants and so were able to give extra time and attention to building a relationship with them. However, since most of the coaches had not worked with a low-income community before, they needed a lot of advice and emotional support from Prosper Canada staff. This was a resource intensive undertaking for Prosper Canada.

### All participants should receive a 'coach bio' as soon as they are matched to let them know their coach is a volunteer.

Many of the participants appreciated the impressive experience of their coaches. However, not everyone was aware that their coach was a volunteer. Many participants expressed regret that they did not take greater advantage of the opportunity to work with a Certified Financial Planner, as they assumed that their coach was a TESS employee to whom they would always have access. Those who were aware that their coach was a volunteer said that it motivated them to devote more energy to the program to take advantage of the unique

opportunity presented to them. To fully take advantage of the volunteer aspect of the program design, it should be clear to all participants that their coach is a volunteer with a background in finance.

### Coaching sessions must be impartial, confidential and non-judgmental.

While partnering with TESS provided access to participants who were most in need of services, TESS' role as the administrator of social assistance payments made coaching confidentiality critical. Participants needed to know they could be honest and forthcoming about their financial life without fear of impacting their benefits. Volunteer coaches were able to assure participants of total confidentiality and to provide impartial support without making any judgements about the participants' benefit status.

### Proper screening criteria for participants and coaches is a critical program success factor.

Not all participants are ready for coaching. For example, a participant who is experiencing depression or in the middle of a financial crisis needs different services. To ensure that participants were prepared for financial coaching, TESS implemented a 'readiness screening' process to evaluate potential participants using four criteria:

- Participant's motivation to change their financial situation
- The complexity of the participant's financial situation (the program is most appropriate for participants who have part-time or full-time employment)
- The participant's ability to communicate and read in English
- The participant's mental health (the program is not appropriate for the needs of participants in the midst of extreme depression).



Participant screening was also an opportunity for TESS staff to ensure that participants understood and knew what to expect from the coaching program. However, focus groups revealed that some participants were still confused about the program, pointing to the need for clarity in presenting the program and its goals at multiple junctures.

Selecting the right coaches is also essential for success. The coach must have sufficient time to devote to the program and be able to understand the unique financial challenges faced by people living on low incomes. Ideally, coaches should have at least five years of professional experience so that they are not occupied with building their book of business. It is also helpful to recruit coaches who have experience working or volunteering in the community at large, as these skills can be transferable.

**Matching coaches and participants according to areas of participant need/coach expertise, personality, and shared experience can lead to successful pairings.**

An effective matching process pairs participants with the coach best suited to their needs. In *MPOWER*, Prosper Canada used three criteria to match coaches and participants:

- Alignment between the participant's need (e.g. debt reduction) and the coach's area of expertise
- Personality
- Shared experience (this can be cultural, linguistic, etc.).

**All supporting staff need to have a strong understanding of the financial coaching program in order to communicate its purpose clearly to potential participants and set appropriate expectations.**

Financial empowerment is a relatively new dimension of poverty reduction, so not all TESS staff were familiar with the concept, different financial empowerment interventions, and of financial coaching in particular. This led to some confusion around the scope and aims of the *MPOWER* program. TESS used the screening process to support staff who were not familiar with promoting and screening for financial empowerment programs. While this helped maintain some level of consistency in terms of referrals, screening and communication, focus groups and participant feedback revealed that participant expectations were often not aligned with the intended outcomes of the financial coaching program.

**Recruiting coaching participants can be challenging because coaching is often about achieving longer term goals. Highlighting shorter term goals and benefits in recruitment messages may broaden appeal to participants.**

TESS staff observed that recruitment for financial empowerment programs can be significantly more challenging than for employment or training opportunities. This is because it is harder to entice participants to devote time/energy to longer term goals than to programs that have a more tangible payoff, such as obtaining employment training or earning a marketable certificate. Staff had to put in a lot of effort to ensure that the target numbers were met – mail outs, reports, active engagement, etc. Messaging that highlights the benefits, especially the more immediate benefits, of financial coaching would likely make recruitment easier.

## Logistics

The *MPower* program was delivered by TESS and Prosper Canada staff, and volunteer financial planners. While this partnership brought together diverse knowledge and assets, it also required a lot of logistical coordination. Prosper Canada was responsible for scheduling meetings between coaches and participants and booking rooms at participating Employment Centres. Coordinating so many people was time-consuming, and many coaches and participants thought that it would be preferable to set their own meeting times and places after the first session.

### Setting appropriate coach and participant expectations for the program is necessary for success.

Financial coaching is a relatively new program that many participants will be trying for the first time. As such, it is important that the goals and intended outcomes be made clear to participants from the outset, so that there are no misplaced expectations. During focus groups, some *MPower* participants indicated that the coaching process had not met their expectations. However, the expectations they articulated were not realistic for a coaching program.

Similarly, some of the first-time coaches struggled to keep their expectations of participant progress realistic. Once coaches tempered their expectations (e.g. that participants are more likely to experience an improvement in confidence, rather than an actual increase in their savings in five months), they were less discouraged with the progress they had made, as well as the program as a whole.

### More flexible scheduling and meeting location options would help accommodate the busy schedules of coaches, participants and support staff.

Scheduling was a challenge for participants, coaches, and support staff. For this pilot, all meetings had to take place at one of the three participating Toronto Employment Centres. There was only one room at each Centre that could be used for coaching and this had to be scheduled well in advance to provide enough time for TESS staff to arrange the room appropriately. Coaches would schedule the meetings through Prosper Canada. In turn, Prosper Canada staff would notify the appropriate employment centre staff to book the room for the meeting.

Since the meetings took place in the employment centre, they could only occur between 9:00 am and 5:00 pm. This was challenging for both coaches and participants, many of whom would have preferred to meet after work hours. Moreover, due to busy schedules, there were many cancellations and changes to meeting times (from coaches and participants) that the employment centres had difficulty accommodating. More flexibility with the location and hours (after the first meeting) would have made it easier for coaches and participants to book appointments and would have reduced the workload of Prosper Canada and TESS staff.

### Having a private meeting space is essential for confidential conversations.

The coaching process involves many sensitive personal conversations. We received resounding feedback that having a private room for those conversations was essential to participants' ability to speak freely and, therefore, the program's effectiveness.

**Lack of childcare facilities was challenging for some participants with children.**

This is a common barrier to participation in many community programs and should be addressed in any future coaching program. If child care cannot be provided for free on site, resources should be made available to participants to enable them to make alternative arrangements

**Efforts should be made to keep the time from participant selection to the start of coaching as brief as possible to maintain participant motivation. Using this time for financial education**

The *MPower* application process was effective in selecting coaches and participants, but there were long delays between participant selection and their first financial coaching session. Reducing this time could help keep participants engaged and motivated.

**Offering optional financial education workshops during the screening process could help to keep participants engaged and would better equip them to take advantage of the coaching process.**

Financial education workshops could help to fill any lag time during the screening process. Many *MPower* participants indicated that some financial education before coaching began would have helped them to be more prepared for their coaching sessions.

**Provide participants with a list of documents they need to compile before coaching starts.**

As participants have to gather quite a few documents for the financial coaching process, giving them instructions or a checklist they can review before their first meeting can help them to prepare.

**There should be a process to connect participants with an alternate coach should their own have to drop out for any reason.**

As there is frequently unavoidable turnover in volunteer roles (e.g. a coach getting in an accident and having to withdraw from the program), it is important that alternate coaches be available so that participants who have joined the program are able to participate fully to the end.

## The participant-coach relationship

The participant-coach relationship is key to the success of the program. We conducted focus groups with coaches and participants to learn more about how they felt about the program and coaching process. Through this, we learned a lot about the coach-participant relationship.

### Coaches and participants need to trust one another to build a successful coaching relationship.

Trust is at the heart of the coaching relationship. Both coaches and participants need to trust one another to build a successful relationship. Participants need to feel that the coaching process is confidential and non-judgmental. Coaches also need to be able to trust their participants. For example, when a participant told a coach that she was unhappy and had called the coach's boss, this created a big barrier in their relationship. Having an intermediary and a clear process coaches and participants can turn to mediate challenges, can help to maintain and reinforce trust.

### To have confidence in the program, participants need to feel that their coach is knowledgeable and offers usable information that a participant can reasonably use to achieve their goals.

A coach's success is contingent, in part, on their knowledge and their ability to translate this into usable information and realistic options for the participant. Participants who succeeded in the program respected their coaches and felt that the coaching sessions were a good use of their time because their coaches helped them to set realistic goals and gave them the tools necessary to meet them.

Successful coaches:

- **Brought participants new and usable information** – This could involve important information about banking products, for example, or insights about the participant's own money behaviour. This in turn led to participant empowerment over time.
- **Presented participants with effective problem solving methods** – These were methods that they could use themselves in the future. This involved teaching them how to make a spending plan, walking through a process (e.g. role playing a phone call to a credit card company). This also led to participant empowerment over time.
- **Provided participants with opportunities to practice positive financial behaviours** – This was accompanied by reinforcement and encouragement, ideally tailored to the participant's personality and goals.
- **Explained the program well** – Successful coaches clearly defined the coaching relationship for each participant, helping to set clear, appropriate expectations.

### Personal problems or barriers are often the root of financial problems, so the coach's first step should be to make an effort to understand the participant's current situation.

Many of the coaches observed that personal issues and barriers were often at the root of the financial problems participants were experiencing. To help participants improve their financial stability and security, coaches therefore had to gain the participant's trust so that they are willing to share information about these issues. The most successful coaches built that trust by:

- **Meeting participants where they were at** – This meant understanding and accepting the participant's current situation and working from there. They did not try to tackle broader issues to meet their goals as a financial coach.

For example, if a participant smoked a pack of cigarettes every day, the coach would focus on helping the participant save money by smoking fewer cigarettes or using a cheaper brand, not trying to get them to quit smoking altogether for their health.

- **Being empathetic** – This meant acknowledging and understanding the challenges faced by the participant, but not pitying them.
- **Being mindful of messages they were communicating non-verbally** – For example, one participant felt the private information they were sharing would not be protected by the coach because they wrote it down on a loose scrap of paper that might easily be lost.

### **Many coaches found that encouragement and confirmation were the most powerful coaching tools.**

The coaching process has many emotional ups and downs. Providing positive reinforcement throughout the process helps to keep participants motivated. Coaches can keep their participants motivated by:

- **Letting the participant know that they are doing a good job or making a good decisions** – i.e. confirming a participant was correct in their ideas/plan of action.
- **Communicating with the participant between sessions** – Even short emails or phone calls were helpful to keeping participants motivated. Coaches can encourage this by initiating communication themselves.
- **Setting realistic goals so that participants do not feel that progress is impossible** – This can mean starting with “low hanging fruit” and/or breaking a stretch goal into its component parts so that the participant can experience more frequent wins.

### **Coaching is an emotional process for coaches as well. Consequently, they also need support.**

Many of the *MPower* volunteer coaches were working with vulnerable individuals for the first time. The coaching process was, therefore, an emotional journey for them as well, and they frequently required support, advice and encouragement from Prosper Canada staff. For this reason, it is important that coaches have access to support for the duration of any coaching program.

### **Not everyone is ready to participate in a coaching program.**

Participants who were most successful in the *MPower* program were motivated to change, open to the process, ready to learn new things, and had the bandwidth to participate. Although it is important for coaches to make participants feel comfortable in the coaching relationship and confident in their coaches’ ability, there were certain participant characteristics that led to success as well. Participants were more successful if they were:

- **Motivated to change their financial situation** by following the steps laid out in the program (e.g. completing homework between sessions, gathering documents between sessions).
- **Willing to learn** (new mindsets, new strategies, prioritization).
- **Open to sharing details about their lives and finances** with their coach.
- **Respectful of their coach** as an expert, volunteer and individual. Coaches need to feel that they can trust the participants they work with.
- **Stable enough in their life situation** to have the bandwidth to actively participate in the program. Many people in the program may not have had enough energy and time to devote to the program due to their personal circumstances.



“After a few financial coaching sessions, both clients are already becoming more comfortable with their finances. I believe they are finding the sessions very helpful.”

- Sebastian Skupek,  
Volunteer Financial Coach

## Insights from participant feedback

### **One of the most valuable lessons for coaching participants was building the skills and confidence to set a financial goal and follow a plan to achieve it.**

Although coaches can provide factual information to participants, their real value-add is helping participants to set goals and build their skills to achieve them. Coaches can help participants to overcome fear and procrastination that typically prevent them from reaching their goals. Coaches engaged participants in skill development by providing tools and techniques for documenting spending and adhering to budgets. They also used role playing scenarios to build participants' confidence to deal with intimidating financial scenarios on their own (e.g., to call a credit card company). Participants identified this as one of the most valuable aspects of the coaching relationship.

### **When coaching works well, it increases financial confidence and self-efficacy – important pre-cursors to financial capability and positive financial behaviour change.**

One of the most valuable aspects of coaching is the increase in confidence and self-efficacy that comes from expanded financial knowledge, as well as having set and achieved realistic financial goals. Coaches were able to help participants create action plans and a corresponding road map for goal achievement. Through this process, participants were able to develop long-term plans in which goals were broken down into manageable parts. Coaches also helped participants prioritize their goals and differentiate between their wants and needs. Coaches saw big changes in participant confidence from the beginning to the end of the process and felt that a large part of what participants were learning was how to overcome their

fears, their lack of confidence, and the desire many people feel to procrastinate in the face of challenging tasks. In short, coaches were helping participants to build financial capability – that is, giving their participants the skills and confidence that they need to set financial goals, make plans, and follow them to achieve their goal.

### **Participants identified a number of ways they could have been better prepared for their coaching sessions and benefited more from them.**

Participants suggested that group financial literacy workshops prior to coaching might be a helpful way to build financial knowledge and free up coaching time for questions, clarifications, and identifying individualized pathways to achieve goals. Similarly, providing reference material beforehand would also allow participants to build their knowledge prior to starting coaching. Providing participants with a list of the documentation they need beforehand could also enable them to be better prepared for, and make better use of, their time with their coach.

“Being on a fixed income, working with my coach to put my spending plan on paper - to see it clearly - turned my life around, after seeing how I spend my money. When I go to the store now, I often think of what my coach would say...is this a good idea or a bad idea... and this recollection encourages me to spend wisely”



“I’m excited to note that both of my clients are now receiving the Universal Child Care Benefit, which has now been extended to parents with children under the age of 18. They were able to use it to pay down debts and for back-to-school items.”

- Colin Barry,  
volunteer financial coach

## The coaching process

### A successful first session is key to participant retention.

The first session is a very important moment in which the coach and participant establish their relationship. The participant must feel as though they will significantly benefit from the relationship if it is to move forward successfully. Typically, this means that participants have to learn something important and/or achieve a small milestone during the first session in order for them to stay engaged and continue attending coaching sessions in the future.

### Participants and coaches must be able to meet as frequently as needed to build the trust necessary for success.

Successful financial coaching occurs over time and with the development of a trusting relationship between coach and participant. The development of this relationship occurs over many sessions until it reaches a point where coach and participant can be honest with one another and the participant feels they can disclose personal and confidential information to the coach.

### Realistic coach and participant expectations are key to setting goals that are both attainable and rewarding.

Lack of clarity about the scope of coaching can lead to unrealistic expectations and frustration for both coach and participant. Participants should be aware of exactly what a coach can help them with so that they enter the relationship with appropriate expectations. If both coach and participant approach the coaching relationship with realistic views of what can be achieved, they are more likely to set realistic goals that are both meaningful and rewarding to the participant and attainable over the life of the program.

### It is helpful for coaching programs to have a clear timeline and end point and some way to recognize participants’ successful completion.

Coaching is an individualized activity, tailored to the specific needs of each participant, some of whom require more sessions than others. However, participants identified that it would be useful to have some idea of the length of the coaching relationship and how they would know when they had completed the process. Having a timeline with a specified end point or date enables coaches and participants to know when the coaching process is ‘complete’. Participants may also benefit from and appreciate an acknowledgement that they completed the program, e.g. a certificate.

### It is important to draw a clear line between financial coaching and financial advising for coaches.

Many coaches who were used to providing financial advice in their professional lives had difficulty making this distinction. One way to help them differentiate between the two is to advise coaches to focus on empowering the participant to make good financial decisions on their own, rather than focusing on attaining specific financial outcomes. This helps them to shift their focus from advice giving to guiding the participant to set their own goals, develop an action plan and pursue it.

“With this program I’ve already saved \$400 and I’m even eating healthier. The whole idea of this is just about focusing, keep an eye on your money and know where it’s going. It’s really helping so far.”



**Coaches need a good referral network, especially for issues requiring particular expertise (i.e. credit counselling).**

Financial coaches can assist their participants to change their money management behaviour and make significant changes to their overall financial well-being. However, there are some cases in which the participant will need the direct assistance of other specialized professionals in order to overcome financial obstacles. Participants with complicated tax situations or complex debt circumstance, for example, may require help from experts in these areas to resolve their issues. In these cases, coaches need access to a network of vetted and accessible experts they can refer participants to. Experts in these networks should have experience assisting people with low incomes and helping with the particular financial issues they face.

**Addressing fears is an important part of the coaching process, but coaches may need help in some circumstances.**

Some participants enter a financial coaching relationship with deep-seated fears. These may be well-founded (based on past experience or accurate information) or unfounded (based on partial or inaccurate information). Typical fears include how they will be treated by financial institutions, liens and garnishment, dealing with the Canada Revenue Agency, and risk of losing income or other benefits (e.g. housing or child care subsidies). This can prevent people from taking steps that may improve their financial situation, such as filing back-taxes. Coaches may not always have the knowledge or expertise to fully understand or address these fears. In some cases, they may need additional guidance or support from other service providers (e.g. a trusted expert intermediary) who can provide a group information session for participants to ensure they have accurate information to inform their decisions.

## Ava's story

The *MPOWER Money Coaching Program*, offered through Toronto Employment and Social Services, provided free financial coaching to support people on low incomes to achieve their financial goals.

From July 2015 to October 2015, Ava worked with her financial coach, Colin Barry, a Certified Financial Planner at Canfin Financial Group. Colin helped Ava set realistic goals to pay off her OSAP (student) and bank loans, stick to a budget, create an emergency fund and get a job.

The support and encouragement Ava received from Colin helped her make great strides in reaching her goals. "My coach was always there to guide me and talk me through achieving my goals," she said. After the program, Ava started paying the minimum amount on her OSAP loan, increased the monthly payment amount on her bank loan, and successfully stuck to a budget.

One year after the program, Ava is still making financial progress and is able to point to some major accomplishments. "After the program, I got a full-time job and I moved into a new

house," she said. "I've also been paying off my OSAP and bank loans, I stick to a monthly budget, I've been rebuilding my credit score and I used my emergency fund to move so I had to start building one [an emergency fund] again."

The financial knowledge Ava gained by working with Colin empowered her to continue working towards her goals and to successfully manage her finances on her own. "Colin taught me how to cut down on my bills and apply for tax credits that I'm eligible for, which helped me with my move," she said. She has even shared her financial knowledge at her job as a residential counsellor at an open custody facility. "I'm helping the residents learn life lessons, so we've had great conversations about financial literacy because I think it's very important."

The accomplishment Ava is most proud of is sending her first child to college without taking any loans, which she says she wouldn't have been able to do without Colin's coaching support.

## 6. Conclusions and next steps

### **The MPower Money Coaching Program was effective in achieving its intended outcomes**

The *MPower Money Coaching Program* was a highly successful cross-sector collaboration that successfully mobilized, trained and supported professional financial advisors to provide neutral, high quality financial coaching to people living on low incomes.

The program allowed volunteer coaches to give back to their community by using their knowledge and experience in financial planning. In most cases, coaches exhibited great passion, contributed their fresh ideas, and went above and beyond to help their clients acquire new knowledge and make informed decisions.

The program delivery model proved to be very successful in retaining both volunteer coaches and clients, and participants appreciated the opportunity to have an experienced coach by their side to help them set and revise their financial goals, and develop an action plan to reach them.

Having someone dedicate extra time and attention helped clients to build confidence and reach some financial goals in a short period of time. In many cases, coaches provided meaningful support through follow-up interactions by phone, email, and text.

### **It generated important insights about effective delivery of financial coaching to people with low incomes**

Often, personal problems and barriers are at the heart of financial problems. Therefore, to coach effectively, coaches have to build trust with participants. This requires making the effort to understand participants' current situation and ensuring that coaching sessions are impartial, confidential and non-judgmental.

Participants want their coach to be knowledgeable and offer usable information (e.g. identify realistic goals and strategies). In turn, coaches need to trust that participants are being honest and forthcoming.

To foster success and avoid creating unrealistic coach/participant expectations, the coaching process and scope should be clearly defined and proper screening criteria and processes used to select participants and coaches.

A successful first session is key to retaining participants. This typically means that participants have to learn something important and/or achieve a small milestone to feel the program is worthwhile. After that, flexibility in scheduling meeting times and locations is desirable to ensure participants and coaches can meet as frequently as needed to build their relationship and facilitate progress on the participants' goals.

### **The volunteer coaching model is effective but very resource intensive relative to other coaching models that may be easier to scale cost-effectively**

While highly trained and accredited financial advisers in their professional lives, most *MPower* volunteers were working with vulnerable and low-income individuals for the first time and required in depth training on the financial context and issues of this population, which had to be further expanded in round two of the project. Even with training, many volunteers required ongoing access to advice, encouragement, feedback, and problem-solving support over the course of the project.

The project also involved working with three professional associations to recruit and select volunteers, matching volunteers with participants, coordinating with TESS management and employment centre staff for participant recruitment and scheduling of coaching sessions. Managing the program consequently required a large degree of coordination with many players from start to finish.

To foster success and avoid creating unrealistic coach/participant expectations, the coaching process and scope should be clearly defined and proper screening criteria and processes used to select participants and coaches.



Competing demands on volunteer and participant time often led to scheduling conflicts and suggest that maintaining or increasing volunteer and client participation over the longer term might be challenging. As with all volunteer programs, turnover is another perennial challenge requiring ongoing investment in volunteer recruitment, training, and retention.

While the low coach-to-participant ratio was beneficial to participants and helped to ensure the quality of the coaching experience, in the longer term it poses important limits to the reach and scale of future programs using this model, particularly relative to staffed coaching programs where coaches see many more clients and there is far less turnover and need for ongoing recruitment and training. Volunteer turnover could also create lack of continuity for participants.

**Given the undeniable value of their contribution, Prosper Canada would like to explore other ways that professional financial advisors can be integrated as volunteers into other financial coaching programs**

Other integration opportunities for professional volunteers could potentially include deploying them to provide auxiliary support and deeper financial expertise to frontline social service providers who support individuals and families living on low incomes. Potential approaches could include, but are not limited to:

- **Training and mobilizing financial advisor volunteers to provide more in depth financial literacy workshops on specific topics**, in collaboration with community organizations providing individualized support such as money coaching, financial counselling or problem-solving services to people with low incomes.
- **Mobilizing volunteer Certified Financial Planners to provide one-on-one clinics on specific topics to targeted low-income populations** (e.g. newcomers, people approaching retirement age, women). Suggested topics include:
  1. Budget and cash flow management
  2. Understanding tax filing
  3. Retirement planning.

As Prosper Canada works to expand access to quality financial coaching services for people with low incomes, we look forward to continuing to collaborate with financial sector partners and volunteers, as well as our community and municipal partners, to harness their deep expertise and desire to help all Canadians prosper.

## 7. Appendices

### APPENDIX 1 MPower Advisory Committee

#### Advisory committee members

##### I. FUNDERS

**Carol A. Lynde**

President and COO  
Bridgehouse Asset Managers

**John Adams**

EVP and Chief Executive Officer  
Primerica Life Insurance  
Company of Canada

**Shama Ahmed**

Manager,  
Financial Education & Social Finance,  
Community Relations  
TD Bank Group

**Robert Ruffolo**

Senior Vice President Sales  
Franklin Templeton Investments Corp.

**Jan Dymond**

Director, Public Affairs  
The Investment Funds Institute  
of Canada (IFIC)

**John E. Hall**

Partner  
Borden Ladner Gervais LLP

**Lori Landry**

Chief Marketing Officer &  
Head of Institutional Business  
Sun Life Global Investments Inc.

**Raj Kothari**

Partner  
PwC

**Chris Pitts CPA, CA**

Partner  
PwC

**Vincent Linsley**

Vice-President,  
Sales Management & Solutions  
AGF Investments Inc.

**Tobi McGrory**

Vice President,  
Marketing & Communications  
IA Clarington Investments Inc.

**Terri Williams**

Dynamic Funds

**Terry Zavitz**

Advisor and President  
Zavitz Insurance

##### II. SUPPORTERS

**Paolo Staffieri**

Manager, Program Support  
Employment & Social Services Division  
City of Toronto

**Darlene Francis**

Advocis, The Financial Advisors  
Association of Canada

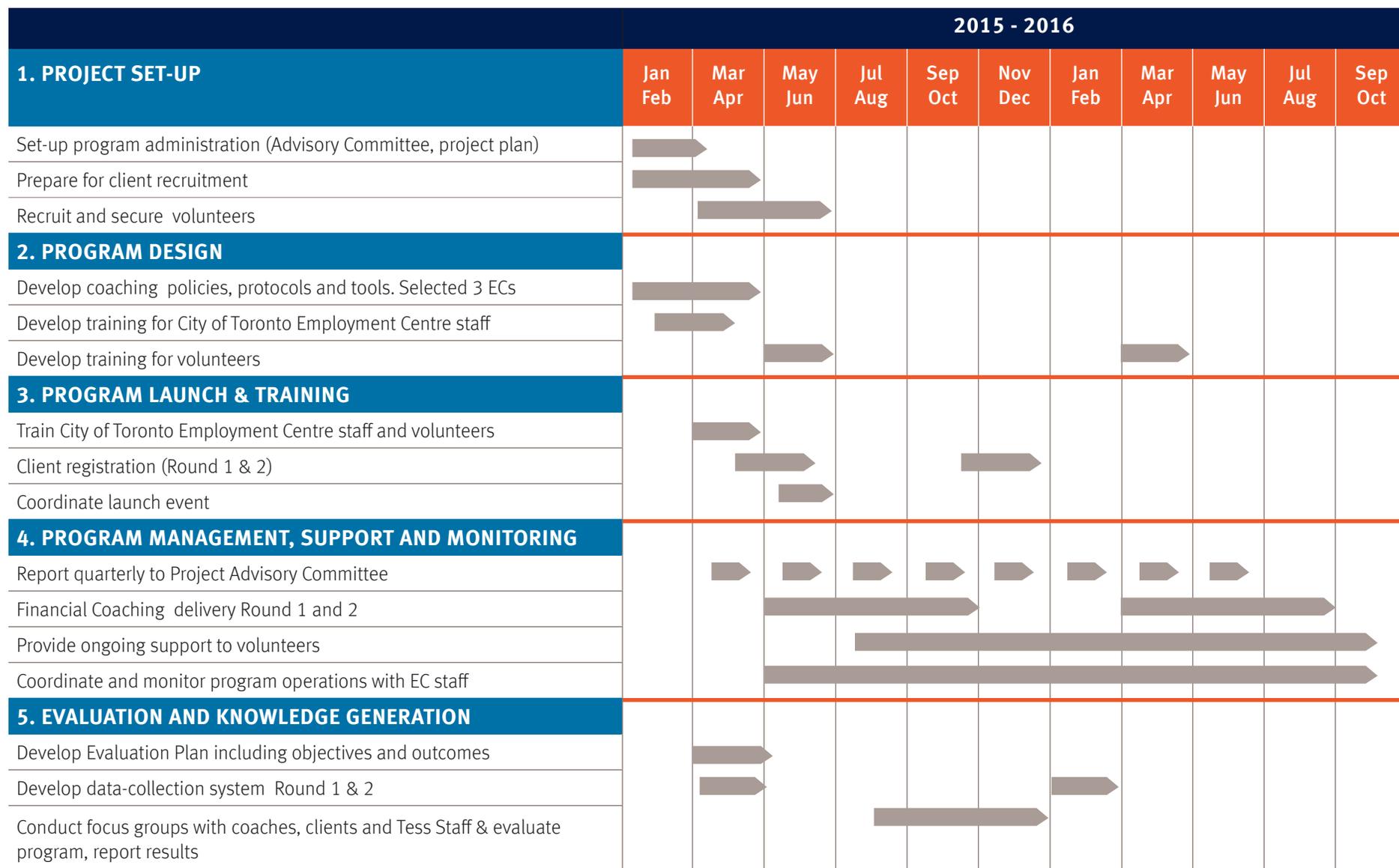
**Kimberley Ney**

Vice-President,  
Communications & Program  
Development  
Financial Planning Standards Council

**Nancy Allan**

Executive Director  
Independent Financial Brokers  
of Canada

## APPENDIX 2 Timeline of project activities



## APPENDIX 3 Evaluation framework

### Key research questions

- What are the financial challenges/goals of employment centre clients?
- Can financial coaching help address those needs?
- Are employment centres a suitable location to offer financial coaching? (suitable partner/suitable location)
- Is the mobilization of professional financial advisors as volunteers a viable delivery model for financial coaching?
- Is five months enough time to help clients achieve financial coaching milestones/outcomes/personal goal?
- What training/supports do volunteer financial coaches need to be successful?

The following methodology was used to track program and client outcomes:

### Coaches

- Volunteers used a set of data collection tools developed by Prosper Canada for this project
- Coaches completed a post- training satisfaction survey
- Ongoing feedback through check-in calls and email updates
- Post coaching interviews and focus group at the end of the program

### Clients

- Financial Health Assessment (entered into client management system by coach)
- Pre-post self-efficacy survey (to measure participant's change in confidence and stress levels before and after the program)
- Post-coaching satisfaction survey
- Success stories

### Partners

- Debrief with Employment Centre staff at the end of round 1 and 2
- Debrief with Advisory Committee members (final meeting)

1 City Foundation, Neighborworks America. *Scaling Financial Coaching: Critical Lessons and Effective Practices*. [http://www.neighborworks.org/Documents/HomeandFinance\\_Docs/FinancialSecurity\\_Docs/FinancialCoaching\\_Docs/Executive-Summary](http://www.neighborworks.org/Documents/HomeandFinance_Docs/FinancialSecurity_Docs/FinancialCoaching_Docs/Executive-Summary)

**Prosper Canada**

60 St. Clair Avenue East  
Suite 700  
Toronto, Ontario  
M4T 1N5

Tel: 416-665-2828  
Toll Free: 1-877-589-1571  
[info@prospercanada.org](mailto:info@prospercanada.org)